

# Unlock your potential



## 2021

Annual Reports and Accounts

Empowering  
Communities to Progress.





This document, PDF format, does not fulfill the obligations deriving from Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation" - European Single Electronic Format) for which a dedicated XHTML format has been prepared.

**Fine-tuning the skills of tomorrow: through RenewAcad, UniCredit Bank Romania helped over a thousand miners to retrain as specialists in wind energy and electricity distribution – thereby supporting the transition.**

#### **Our Clients**

Wind Power Energy  
Romania

Curious to know more? Check out the entire story (and others) on [annualreport.unicredit.eu/en](https://annualreport.unicredit.eu/en)





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## Notes

The following conventional symbols have been used in the tables:  
a dash (-) indicates that the item/figure is non-existent;  
two stops (..) or "n.m." when the figures do not reach the minimum considered significant or are not meaningful;  
"n.a." indicates that the figure is not available.

Any discrepancy among data is solely due to the effect of rounding.

**UniCredit S.p.A.**

A joint stock company

**Registered Office and Head Office:** Piazza Gae Aulenti, 3 - Tower A - 20154 Milano, Italy

Share capital €21,133,469,082.48 fully paid in

Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1

Cod. ABI 02008.1

Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi: 00348170101

Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund

Stamp duty paid virtually, if due - Auth. Agenzia delle Entrate, Ufficio di Roma 1, No.143106/07 of 12.21.2007

# Board of Directors, Board of Statutory Auditors and External Auditors as at 31 December 2021


	<b>Board of Directors</b>
Pietro Carlo Padoan	Chairman
Lamberto Andreotti	Deputy Vice Chairman
Andrea Orcel	CEO
Vincenzo Cariello Elena Carletti Jayne-Anne Gadhia Jeffrey Alan Hedberg Beatriz Lara Bartolomé Luca Molinari Maria Pierdicchi Francesca Tondi Renate Wagner Alexander Wolfgring	Directors
Gianpaolo Alessandro	Secretary of the Board of Directors
	<b>Board of Statutory Auditors</b>
Marco Rigotti	Chairman
Antonella Bientinesi Angelo Rocco Bonissoni Benedetta Navarra Guido Paolucci	Standing Auditors
Stefano Porro	Manager in charge of preparing the financial reports
Deloitte & Touche S.p.A.	External Auditors

# At a glance

UniCredit is a pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. Our purpose is to empower communities to progress, delivering the best-in-class for all stakeholders, unlocking the potential of our clients and our people across Europe.

We serve over 15 million customers in a cohesive manner worldwide. They are at the heart of what we do in all our markets.

● CORE MARKETS

Empowering Communities to Progress. | 

## OUR ORGANIZATION

4 

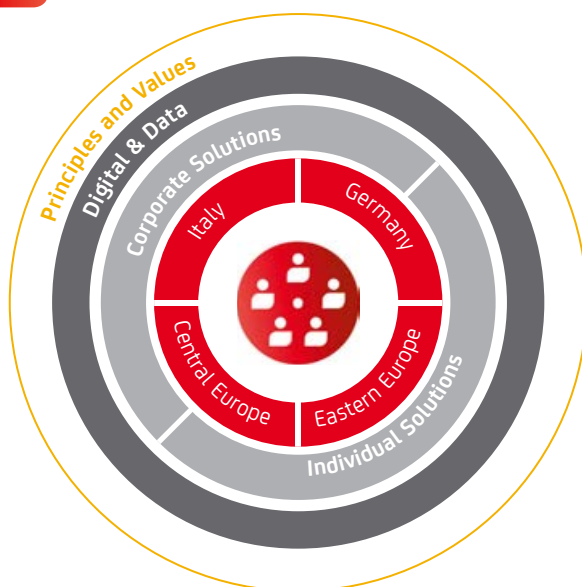
Coverage regions

2 

Product factories serving all regions

1 

Leaner Corporate Centre embedding Digital & Data



## OUR CLIENTS, OUR COMMUNITIES, OUR PEOPLE

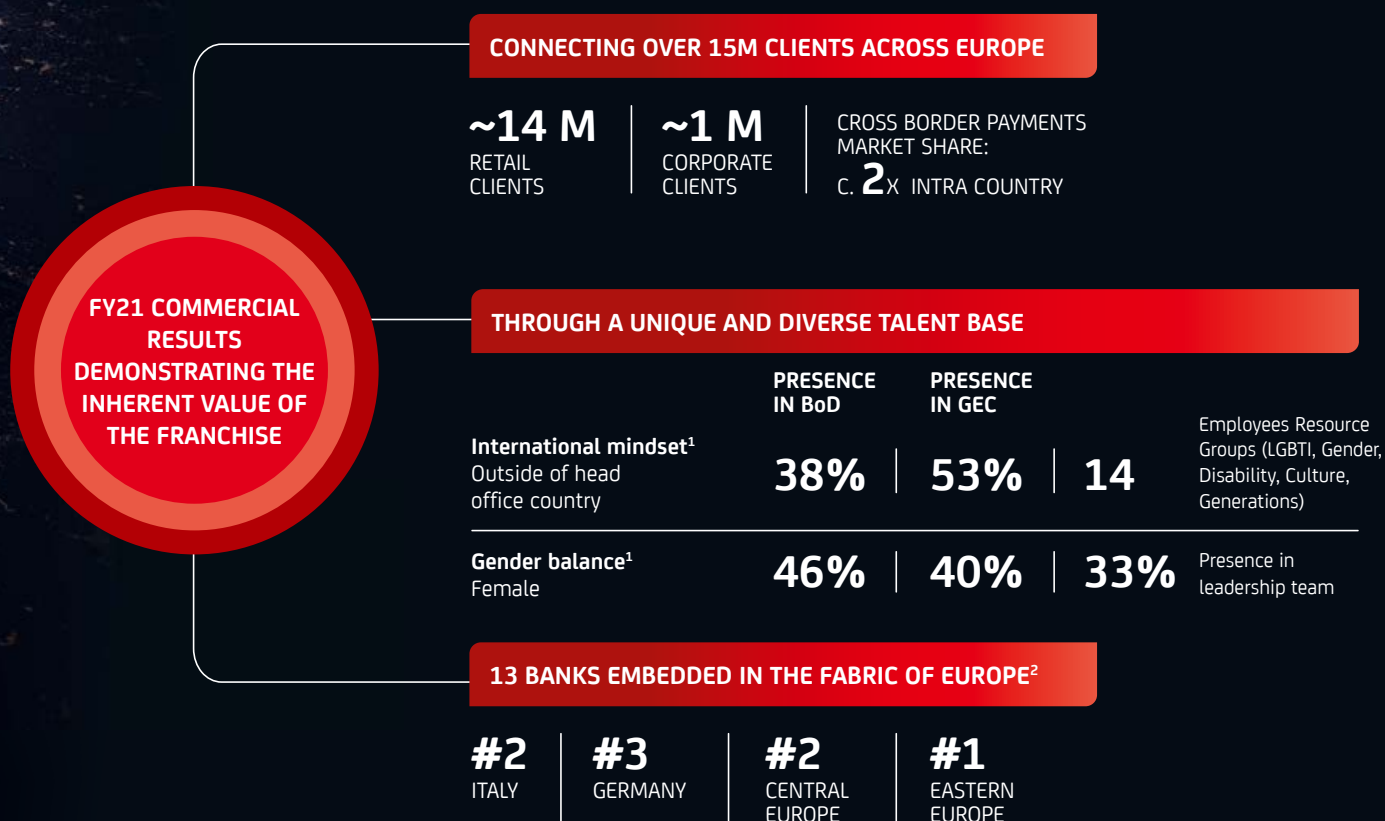
Our new strategy UniCredit Unlocked puts clients back at the centre, connecting them to their bank in a unified way across Europe. We are their gateway to Europe.

We have a harmonised service model, simplifying our processes and establishing a common organisational structure across our business to connect our clients to our 13 banks and 4 regions in a unified way across Europe.

Digitalisation and our commitment to ESG principles are key enablers for our service. They help us deliver excellence to our stakeholders and creating a sustainable future for our clients, our communities and our people.

The diversity, knowledge and talent of our 87,000 people are the levers to go above and beyond for our clients. This will allow us to deliver all our ambitions.

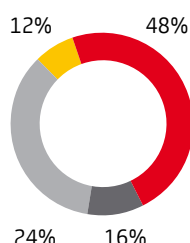
# Financial Highlights



1. Calculated in FTEs.

2. Ranking by total assets. Germany only Private Banks. Italian and German Peers last available update as of 3Q21; Positioning vs other main Peers in CE region is as of 3Q21; ERSTE Austria in CE perimeter ranking consists of ErsteBank Oesterreich & Subsidiaries, Savings banks and Other Austria; Positioning vs other main Peers in EE region is as of 3Q21.

## REVENUES (%)<sup>3</sup>



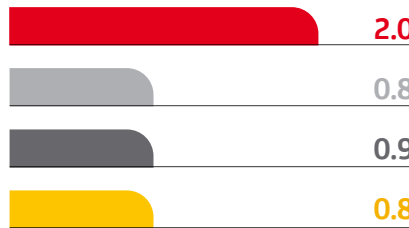
- Italy
- Germany
- Central Europe
- Eastern Europe

3. Revenues by region: Italy excl. PC\_CE, PC\_EE, PC\_Russia, Germany Subgroup.

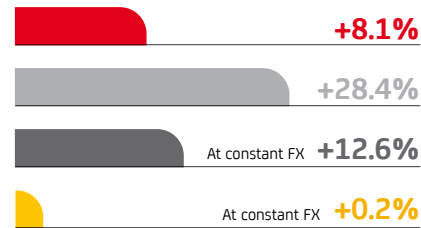
4. The net profit is the stated net profit (for 2021 Underlying net profit) adjusted for AT1 coupons, Cashes related payments and impacts from DTAs from tax loss carry forward sustainability test.

## Net profit<sup>4</sup> FY21, bn

ITALY  
GERMANY  
CENTRAL EUROPE  
EASTERN EUROPE



## GOP<sup>3</sup> Δ% vs. FY20



## OUR FINANCIAL RESULTS SHOWED POSITIVE MOMENTUM



### GROW

Revenues:  
**18bn**  
exceeding  
guidance



### STRENGTHEN

Non Core rundown  
completed  
CET1 ratio:  
**15.03%**



### DISTRIBUTE

Proposed  
shareholder  
distribution:  
**3.75bn**



### OPTIMISE

Cost:  
**9.8bn**  
exceeding  
guidance



# Letter from the Chairman

A portrait of Pietro Carlo Padoan, Chairman of Unicredit S.p.A. He is an older man with glasses, wearing a dark suit, white shirt, and a striped tie. He is standing in a room with ornate, patterned wallpaper and a blue cushioned chair is partially visible on the right.

“

Each new challenge is a new opportunity. And to believe in new opportunities is to believe in change. This is the reason we have adopted a long-term strategy which is already delivering results above expectations.

**PIETRO CARLO PADOAN**  
CHAIRMAN  
UNICREDIT S.P.A.

## Dear Stakeholders,

It is my pleasure to write to you as Chairman of the UniCredit Board. It is a privilege to be part of this great bank, a group that is truly diverse in terms of skills, nationalities and gender, as shown by our recent first place award in the 2021 Best Practice Leaders Italy ranking by the European Women on Boards network. I would like to extend my thanks to you all for the welcome you have given both me and our new CEO, Andrea Orcel, since our arrival in April.

There is an adage that every challenge is an opportunity, but recent events have given this a new resonance. We are yet to fully see the impact of the war in Ukraine but we know it will be seismic. Europe has already seen immense change since March 2020, with Covid-19 driving change at an unprecedented pace. The pandemic has accelerated the digitalisation process within public and private sectors, further strengthened a customer-centric approach, and prompted a renewed focus on ESG issues as part of a path to a sustainable future.

Our industry plays a decisive role in each of these areas. The pandemic has reminded us in many ways what the banking system can and should do when challenged. First, to help manage the aftermath of economic shock, and then, to return to its fundamental role, filling the gap between savings and investments.

This has not been – and will continue not to be – easy or straightforward. But each new challenge is a new opportunity. And to believe in new opportunities is to believe in change: to believe that what is coming can be better than what has come before.

It is a privilege of those in the banking industry to know that we can help create a better future. And we must.

We must do so by returning to our fundamental roles of helping manage the allocation of resources and providing expertise to those in need – whether individuals, households, or companies. In doing so, we will support society through the post Covid-19 transition and through the current conflict. The action taken by European institutions in terms of increasing both economic support, and humanitarian aid, is critical if we are to rebuild better than before.

This means providing the best expertise possible, whilst always acting in the interests of our clients. It means supporting the allocation of resources in a way that is sustainable and in the interests of society for the long-term. Practically speaking, this equates to a focus on ESG – and an equal focus on each of the Environmental, Social, and Governance priorities.

We, as banks are uniquely positioned to speed up this shift to a more sustainable way of living and working. Our knowledge of and proximity to our clients mean we can identify the most sustainable sectors and players to support growth over the long-term. And our role in providing financial and advisory support means we can channel resources to the most sustainable investments and strategies.

Supporting our clients and communities is our reason for existing, but we should not underestimate the impact of fostering a positive and responsible culture within our own business. UniCredit's choice to be guided by ESG frameworks and targets, setting appropriate policies to deliver on these, will ultimately be fundamental in building a better Europe.

Finally, more generally, the financial sector plays a crucial role in allocating national and public resources, such as the EU Recovery Fund, to trigger environmental and social transformation.

Our industry can drive swift change and sustainable recovery across Europe – from the pandemic and, eventually, from the conflict.

UniCredit has been no stranger to change this year. We have a new leadership, and a new strategic plan to deliver growth for all our stakeholders.

The plan, to unlock the strength within UniCredit, enacts in a small way what we hope to see in Europe. It will identify the potential embedded in our bank and give us the necessary framework to excel in the long-term. I have confidence that the UniCredit leadership team will deliver on this mission. We have already made a strong start, exceeding 2021 key financial guidance, which allows us to offer substantial shareholder returns.

As we continue on this path, the Board is committed to providing the requisite oversight and controls to ensure that we are both holding ourselves accountable for all our actions and acting in line with the ECB's requirements at all times.

We have taken significant steps to strengthen our governance in line with the current environment. This includes creating a new ESG Board Committee to ensure this topic remains central to our overall corporate strategy and strengthening our Internal Controls & Risks Committee in line with industry best practices.

These are examples of actions taken willingly and proactively because we are invested in success not just for UniCredit, but for all our stakeholders. We know that the successful execution of this plan will impact each of our clients, investors, and regulators.

The challenge is to take each of these different perspectives into account and deliver something that enables them all to succeed.

The opportunity is for us all.

Yours sincerely,



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**PIETRO CARLO PADOAN**  
CHAIRMAN UNICREDIT S.P.A.



## UniCredit Tower

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Our Headquarter  
UniCredit Tower in Milan



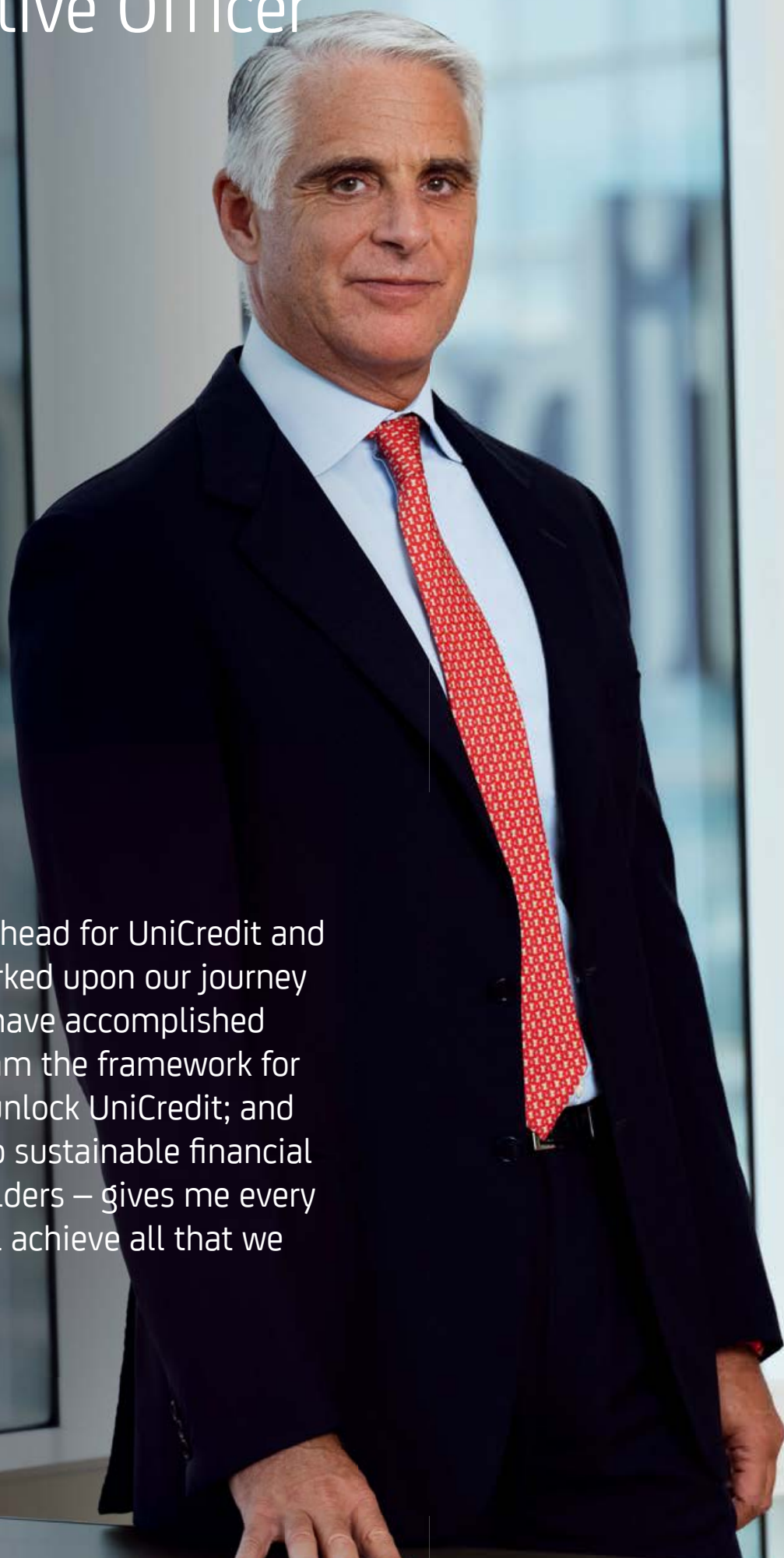


# Letter from the Chief Executive Officer

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There is a bold future ahead for UniCredit and we have already embarked upon our journey to get there. What we have accomplished to date – giving our team the framework for success; beginning to unlock UniCredit; and delivering a pathway to sustainable financial growth for our stakeholders – gives me every confidence that we will achieve all that we have set out to do.

**ANDREA ORCEL**  
CHIEF EXECUTIVE OFFICER  
UNICREDIT S.P.A.





## Dear Stakeholders,

When I joined UniCredit early in 2021, I said it felt like coming home. This is true, but it was a home that was relatively unfamiliar.

Although I have worked closely with the bank throughout my career, nothing replaces what you discover about a business when you are on the inside.

So much of my first few months here was spent taking to our people, our investors, and our regulators, gathering an understanding of the bank and the needs and opinions of our stakeholders.

What I found was remarkable and deeply heartening, especially as we began to craft our long-term vision for UniCredit. Our bank is not an institution that needs to be fundamentally changed or rebuilt. We have all the raw ingredients for success: 13 banks across Europe; 87,000 people with a truly international mindset, and 15m clients. We are a truly local bank with a pan-European reach.

It would be an honour to be at the helm of such an institution at any time, but it is particular honour at this point in our collective history. Just as Europe was beginning to emerge from the Covid-19 pandemic, we found ourselves facing a crisis of a different nature in Ukraine: conflict the scale of which has not been seen on our continent for generations. As with the pandemic, we must endure these events and emerge from them determined to rebuild: not only to recapture the strength and success we had before, but to go further and do better.

Banks have a critical role to play as we do so. Operating correctly, they act as the engines for financial progress – the plumbing which facilitates this recovery and regrowth. They are the key transmission mechanism for our financial system; the deployers of monetary policy; the financers of state projects designed to increase growth, and so much more.

As a continent, we need our banks to function well because Europe has been underperforming. Our capital markets are less developed than those of other blocs and our real GDP growth is falling behind others, even before the war.

UniCredit is the only pan-European bank. Our true and deep presence across the continent means we are well-positioned to provide this financial plumbing which will help local communities to progress and Europe to succeed.

My role is to ensure that we are utilizing our bank's ingredients properly to achieve the above, as well as our financial objectives: growth, profitability, strength, returns to shareholders, and long-term, sustainable success.

When we deliver this, we deliver for our people, giving them a bank to be proud of, and pride in the work they do every day. A team of passionate people, building true partnerships with clients and serving the communities they know well, will be at the heart of our success.

These things together will put UniCredit back in the top tier of European banks. Looking beyond our bank, I believe this combination of financial success and empowered people is what will form the basis of Europe's reestablishment as a leading economic bloc.

We have already made significant progress in 2021, working tirelessly with these goals in mind, and we have begun to see the results of such a strategy.

## 2021

Although we formally announced our strategic plan in December, our action to unlock UniCredit and build the bank for Europe's future began the moment we stepped through the door in April.

We were firmly in execution mode throughout 2021 and much of what we articulated in December was already in flight.

This year we have made significant changes to the way UniCredit operates, moving from five siloed business divisions to four coverage regions. We established Italy as a stand-alone territory. We removed unnecessary layers of decision making and empowered the people who really know their clients best to make decisions that concern them, within a clear risk framework.

We unified our view of our clients, ensuring that they are grouped in the same way across all regions. We developed two new, best-in-class product factories to serve these clients: corporate solutions and individual solutions. And we started rationalizing and transforming our technology.

In 2021 we saw the first signs of success from this strategy. Our Q4 results announced underlying net profit more than tripled compared to 2020 and net revenues were up 34% year on year.

## Win. The right way. Together.

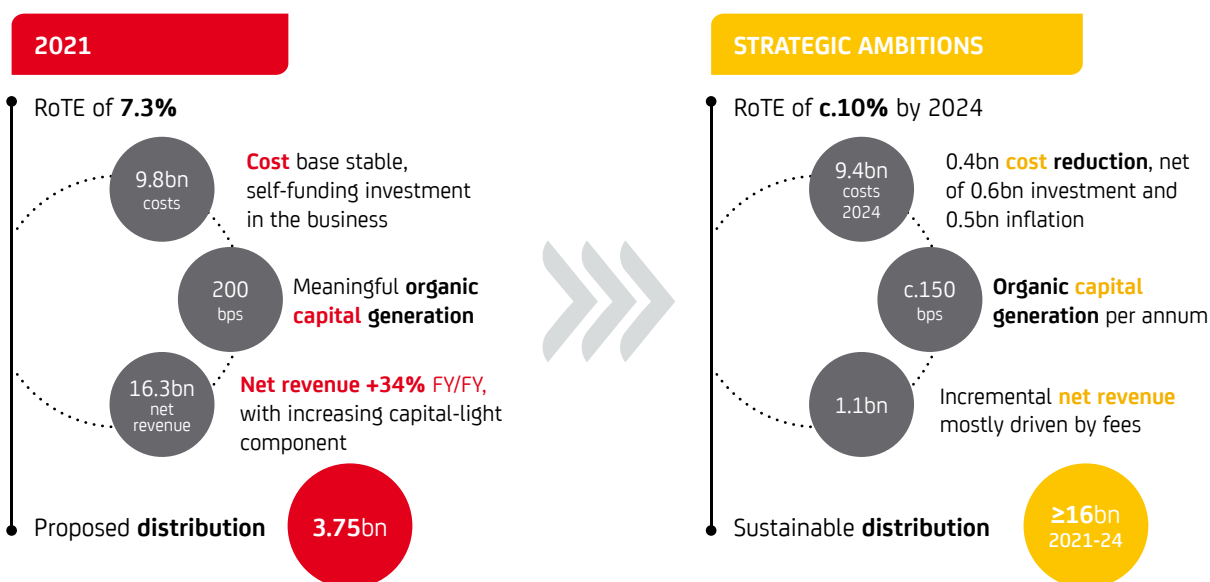
We should not underestimate the potential impact of us delivering on this strategy. Doing so will have repercussions – both financial and social – across the continent. This is what we mean when we say empowering communities to progress, and it is this that equates to helping Europe recover and rebuild post-pandemic and, eventually, post-conflict.

The most important factor that will determine whether we deliver on our ambitions is the presence of an engaged, empowered and driven team around us. It is their unique understanding of our clients that will enable us to deliver for them and, in turn, deliver on all of our ambitions. We are committed to giving them the inspiration, passion, and ambition to do their very best and go above and beyond for our clients.

We have taken measures to do so this year, defining our collective mindset as Win. The Right Way. Together. We want our people to be driven to succeed for our clients and for themselves: ambition is not something we shy away from. We want them to do so in the right way, in a way that adheres to our values of Integrity, Caring and Ownership, and we want them to do so in partnership with one another and with our clients. This mindset will drive all the decisions we take and provide the requisite attitude for long-term, sustainable success.

We have started a Courageous Voices campaign, to encourage our team to speak up, in all different settings. Our team are our most important asset and we must listen to their ideas and different perspectives to ensure we are working as a united group, moving in the same direction with shared goals. Our success will be a direct reflection of theirs.

There is an inextricable connection between a businesses' financial success and an engaged team working to deliver a clear purpose. This is explicit in our plan, which sets out our dual goals of providing such a purpose and delivering a return on tangible equity of around 10%, annual net revenue growth of 2%, and a distribution of at least €16bn over 2021-2024, in spite of significant investment in our future – in our people as well as in our technology.



## UniCredit Unlocked

UniCredit Unlocked is a plan designed to deliver for all our stakeholders: investors, employees, and clients. It is a long-term plan for our business. For obvious reasons, key metrics are based on 2021-2024, but this is just one milestone. True success will be measured by how well the plan sets us up for success beyond this date.

It is a plan designed to ensure we are ready for the future and, more importantly, ready to serve our clients of the future. We have bold ambitions to make UniCredit a truly digital bank, powered by data in all we do, investing 2.8bn in this area and making 3,600 new hires to help us on this journey.

Any plan for the long-term must have ESG at heart. Our commitment to sustainability and positive action across all three pillars of ESG will be a guiding force in each and every one of our actions and decisions.

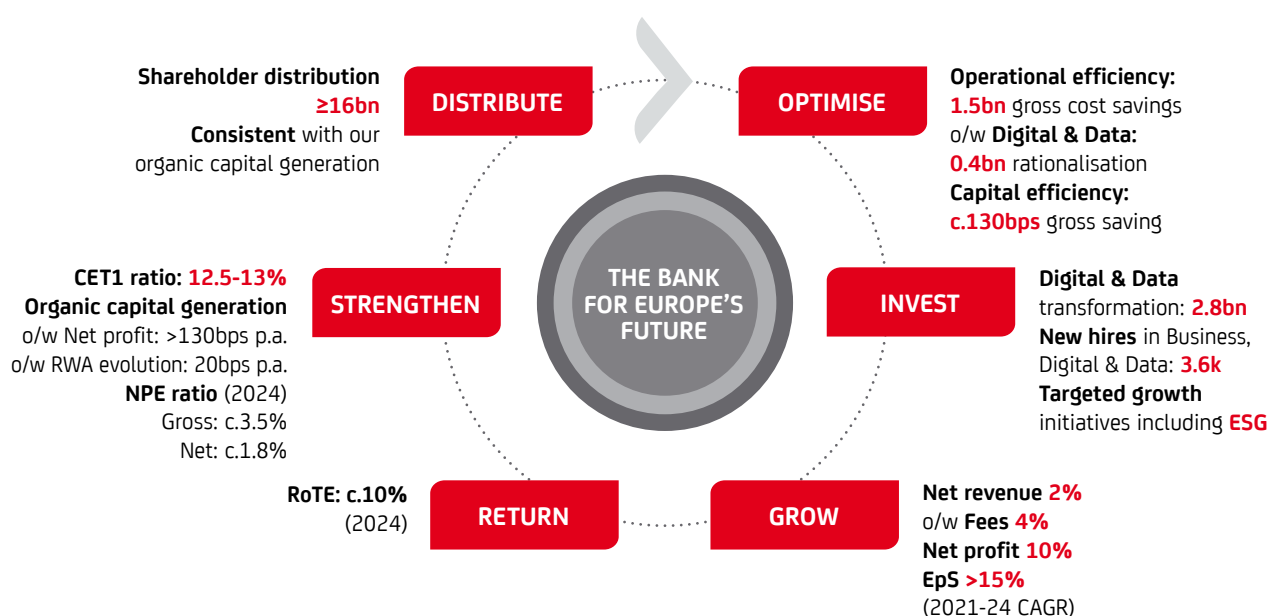
ESG is about actions, not words, for both our own business and in the support of our clients and communities as they embark on their own transitions. We are committed to maintaining the highest standards within UniCredit across each of Environmental, Social and Governance, and to expecting and asking nothing less from our clients too. Balancing these objectives will not always be straightforward. This is a journey, one which will not be complete overnight, but we will embody these principles every single day, working to do better and be better, until we get there.

We have committed to target net-zero by 2030 for our own emissions and have reduced our greenhouse gas emissions by 32% since 2017 (market based). We have contributed 36m to corporate citizenship and philanthropic initiatives, and to the education of 123,000 young people; and are investing 100m to ensuring equal gender pay, which means equal pay for equal jobs. The UniCredit Foundation continued its excellent work, donating €2.4m in Covid-19 relief to tackle hunger, providing over €1m to social solidarity projects and over €1m to support research, study and scholarship grants, whilst also providing €650,000 in match gifting to support our own employees' charitable contributions.

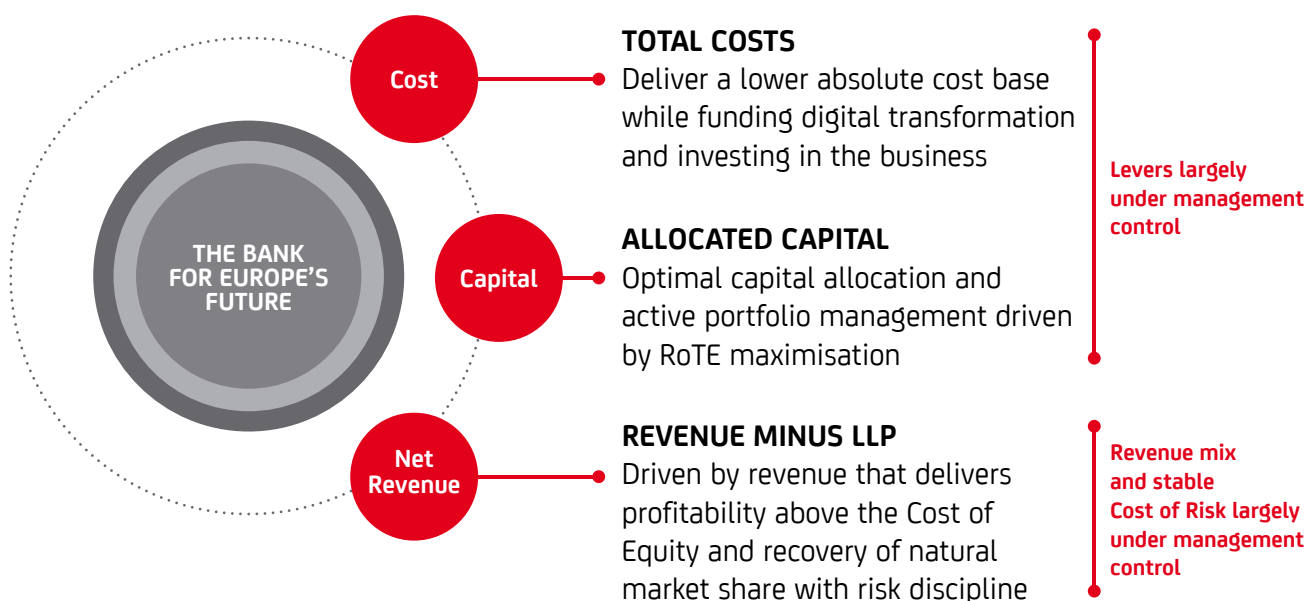


Our financial ambition to unlock UniCredit is based on six pillars, designed to deliver sustainable performance and profitable growth through the cycle.

We **optimise** UniCredit by improving both our operational and our capital efficiency, enabling us to **invest** these resources into our business, with a key focus on digital and data. The focus of our plan is **delivering** growth, at an accelerated rate from 2022, reaching a **return** on tangible equity of around 10% in 2024 and aiming to surpass it thereafter. This **strengthened** business will **distribute** at least €16bn over the next four years in a sustainable fashion.



We have three interconnected levers that will drive returns over the coming years.

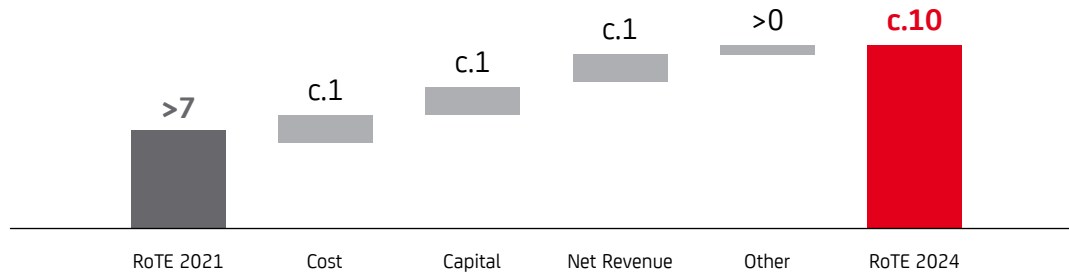




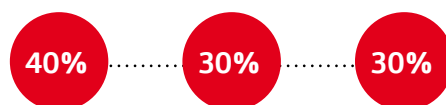
By managing the interaction of these three levers, we can optimally balance growth, strength and profitability.

## RoTE walk

All figures in %



Contribution to RoTE increase

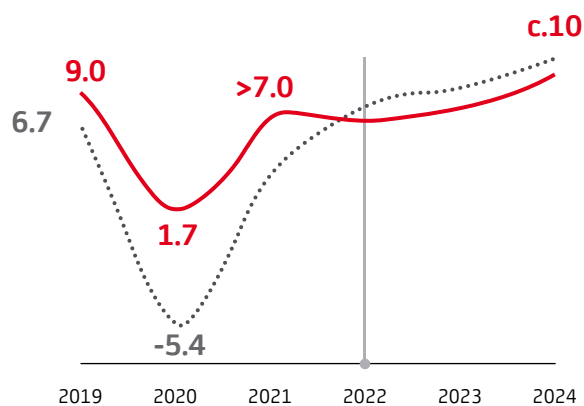


## RoTE evolution

All figures in %

2022 net profit guidance, >3.3bn, in line with 2021

..... Stated RoTE  
— RoTE



## Future Focus

I do not want to underestimate the incline of the path ahead, but I also want to stress the scale of what I believe is possible if UniCredit unlocks its potential and operates in the right way.

When our bank's clearly defined ambition, purpose and values work in synergy, we will deliver for all stakeholders while not losing sight of the very fundamental reason for our existence: to empower communities to progress.

I truly believe that when these things operate in partnership, and when people work hard to win – the right way – together, this is when companies will excel. Furthermore, this is not limited to companies. It should not only be mantra for our bank, but for the communities and societies in which we operate.

If we get this right, I believe the convergence of a shared ambition, purpose and values is the principle that European recovery and growth will be founded on.

We will start with our bank: a bank that is united in this way, with the right measures in place to meet the needs of the clients of the future, so that we can better serve not only our clients but the societies in which we operate.

It is this that will enable us to be the engine of our continent's recovery, the bank for Europe's future.

This is a powerful purpose and one I hope that the UniCredit team can feel proud to be a part of.

I extend my sincere thanks to all those colleagues who have welcomed me so warmly and been open to the change that I know can be both exciting and challenging in equal measure.

There is a bold future ahead for UniCredit and we have already embarked upon our journey to get there. What we have accomplished to date – giving our team the framework for success; successfully beginning to unlock UniCredit; and delivering financial success for our stakeholders – gives me every confidence that we will achieve all that we set out to do.

I ask for the support of our investors and stakeholders as we do so; as we continue to deliver on our promise to build a better bank for Europe's future.

Thank you,

A handwritten signature in black ink, appearing to read 'Andrea Orcel', with a stylized flourish at the end.

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**ANDREA ORCEL**  
CHIEF EXECUTIVE OFFICER UNICREDIT S.P.A.

A portrait of Fiona Melrose, a woman with shoulder-length reddish-brown hair, smiling slightly. She is wearing a dark blue cardigan over a white dress with a black floral pattern. Her arms are crossed. The background is a blurred outdoor setting with green foliage and a building.

**FIONA MELROSE**

HEAD OF GROUP STRATEGY & ESG

**ESG**

A Blueprint for our  
Business

## What does ESG mean to UniCredit?

At UniCredit, **ESG** is not a set of factors or considerations. It is a **way of doing business** and fundamental to **every action** we undertake. It is not a retrospective consideration only after we have made a business decision; ESG implications are innately woven into our approach and **fully integrated** in the **decision-making process**. The UniCredit mindset and culture is about **doing things the right way** and **ESG is central** to that.

### OUR ESG STRATEGY: BUILDING ON STRONG FUNDAMENTALS TO DELIVER VALUE



## How do you make sure this is maintained throughout your business?

We have established a **set of principles** which underpin all aspects of ESG to ensure the pillars of **Environmental, Social and Corporate Governance** remain **core** to our work across the business. These are:

- We will hold ourselves to the **highest possible standards** so that we do the right thing by our clients and society;
- We are totally committed to **supporting our clients** in a just and **fair transition**;
- We will reflect and **respect the views of our stakeholders** in our business and decision-making process.



## OUR ESG PRINCIPLES AND BELIEFS

### PRINCIPLES



We will hold ourselves to the highest possible standards so that **we do the right thing** by our customers and society



We are totally committed to supporting our customer in a just and **fair transition**



We will **reflect & respect the views of our stakeholders** in our business and decision-making process

### BELIEFS

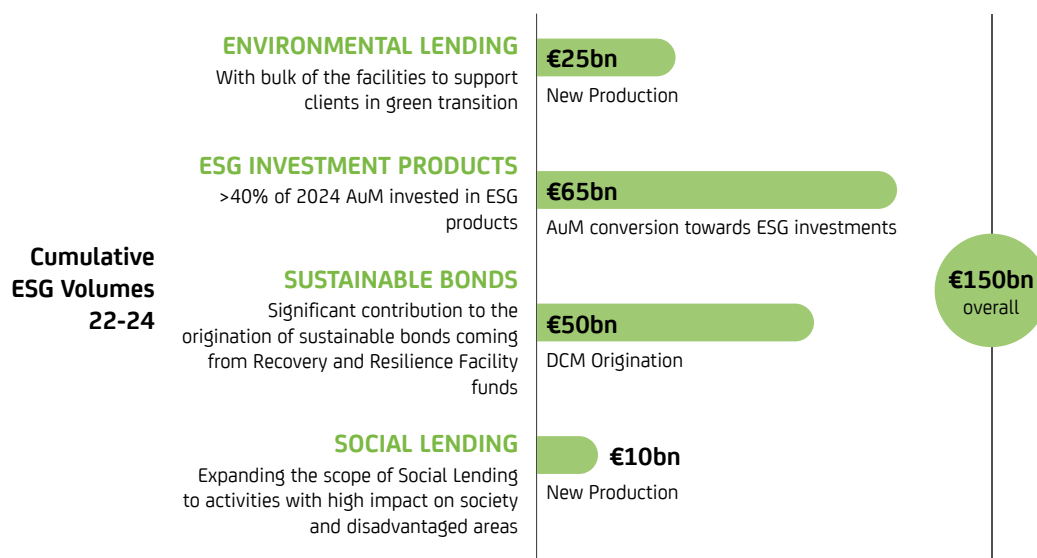
- > We are signatory of the **Principles for Responsible Banking**
- > We foster a **more inclusive** and **fair society** with **finance, education** and **measurement** of our impact
- > We engage in **academic research** to ensure our approach to ESG is rooted in **science**
- > We create **excellent** and **innovative** ESG solutions for our customer
- > We partner with our customer to deliver **aligned environmental** and **social** goals
- > We mobilise **capital** and set **targets** to foster **sustainable** development
- > We ensure **transparency** through **open** dialogue and extensive **disclosure** practices
- > We develop **policies** which match our stakeholders' expectations
- > We incorporate **ESG issues** into our company-wide operations

These policies are integral to every part of our business and will act as a lens through which we view all activity. Our **ESG policies** are not a separate division: they **shape how UniCredit operates** at every level. This includes actions we take within our own organisation, such as managing our **carbon footprint** and **supporting our people** to work together to win, as well as the **communities we support** and what we expect of those we choose to partner with. Having concrete policies like these that apply to every area of our business will ensure we hold ourselves accountable.

## That sounds simple. Is it?

Having clearly defined principles provides us with a **clear framework** to simplify the **decision-making process**. For example, UniCredit Unlocked announced our plan to **deliver €150 bn in ESG finance** in the form of lending, DCM and investments by 2024.

### OUR ESG GOALS AND TARGETS





In 2021 we enhanced our **Coal and Oil & Gas policies**, supporting the **financing of green activities** for those companies actively engaged in a phase out of coal and aligned with their national energy plans and an updated policy that prohibits financing of all unconventional activities, all Arctic activities and the financing of new explorations of oil and the expansion of oil reserves. We also **signed the Tobacco Free Finance Pledge** and the **UNEP-FI commitment** to financial health and inclusion in 2021 amongst others. All of these actions were taken because they align with our fundamental principles and are best-in-class, which is what we strive for across all ESG components. Of course, any corporate or global transition is complex. Particularly when ESG is seen as one single consideration, rather than a vast array of different – and sometimes conflicting – priorities.

## SECTOR POLICIES

UniCredit has adopted detailed special policies regarding sectors that present significant environmental and social risks and monitors portfolio exposures to them accordingly.<sup>A</sup>

<b>Coal sector</b> <b>UPDATED</b>	<b>Oil &amp; Gas sector</b> <b>UPDATED</b>
<b>POLICIES IN PLACE</b>	
<b>Mining sector</b>	<b>Human rights commitment</b>
<b>Nuclear energy</b>	<b>Deforestation commitment</b>
<b>Defense/Armaments</b>	<b>Tobacco commitment</b>
<b>Water infrastructure</b>	<b>&gt; UniCredit signed the Free-Tobacco Finance Pledge</b> <b>NEW</b>

We intend to review and, if necessary, set up policies in other sensitive ESG sectors. This will be done on the basis of our portfolio analysis and with the support of scientific experts in order to address such topics from a factual and impact-based perspective.

A. Refer to the Supplement - Risk Management section or to Sustainability on our corporate website for more information.

## How do you manage that?

Firstly, we are pragmatic in acknowledging that the **journey to a sustainable future** is not a simple one. We know that compromises are required between competing aspects of ESG priorities. While we are **equally committed to each pillar** of E, S and G, we also know that fulfilling certain obligations will come at a detrimental effect to others. This is particularly true in relation to environmental and social factors. For example, there are certain countries and industries less far along in the green transition than others. We know that way to a sustainable future is not to discount these sectors or abandon them in this process. Rather, we intend to **support** them and their stakeholders in a **just and fair transition**. This is the **right thing to do**. This is part of our social responsibility and not doing so would fundamentally be forgetting the 'S' pillar.



## KEY STRATEGIC ACTION ACROSS 4 BUILDING BLOCKS



### Partnering with our Clients for a just and fair transition

Our building block Partnering with our Customers for a just and fair transition is implemented to three main strategic actions.

- > products & services for transition
- > dedicated ESG Advisory model
- > ESG Ecosystems

Deep-dive

## What does it mean to fulfil your social responsibilities?

The social implications of our actions are often less quantifiable and more difficult to measure than environmental ones, but this is no reason to neglect them. We place particular emphasis on our social responsibilities because our role and position, as a pan-European bank, means we have a **critical role to play in supporting communities** across the continent.

Our Social Impact Banking business is working to **build a fairer and more inclusive society** by identifying, financing and promoting initiatives that have a **positive social impact**. In 2021, our **Social Impact Banking has €0.4bn stock of loans** in microcredit and impact financing and **reached 3.7m people** who were direct and indirect beneficiaries of social financing. Now we intend to go further, targeting a cumulated volume of €10bn in 2022-2024. This will involve improving access to our offering for vulnerable people and supporting companies and investments that will help **achieve the social Sustainable Development Goals** as defined by the United Nations.

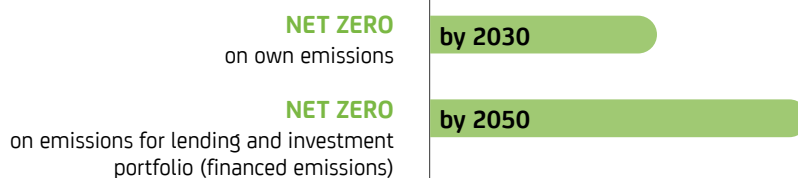
Social responsibility goes beyond finance. UniCredit's purpose is to **empower communities to progress**, which means supporting people in all aspects of their lives via our own contribution to society. The **UniCredit Foundation** plays a critical role here, **disbursing c.€7 million in 2021**, €2.78m of which supported support organizations committed to fighting hunger post Covid-19. We operate a number of financial and ESG awareness initiatives which reached more than **206,000 beneficiaries in 2021**, as well as giving over €20m for c.350 scholarships and fellowships to more than 1,000 students and researchers.

This role goes beyond finance: UniCredit has a long tradition of sustaining culture, in particular art and music. Recently we announced a **new strategy to leverage and enhance our artistic heritage** with a focus on increasing access to our collections, including loaning our works out and providing virtual access to them.

## How will you measure progress?

There are some key milestones which we are working towards. This year we **joined** the **Net-Zero Banking Alliance**, committing to achieve Net Zero emissions from our operations **by 2030** and from our financing portfolio by 2050.

### ENVIRONMENTAL FOOTPRINT



In 2021 we reduced our direct CO2 emissions by 32% compared to 2017 and are targeting no single-use plastic items in our buildings by the end of 2022. The ECB's climate risk stress test in 2022, will be an important moment in our collective journey to a greener future, and we are committed to working with regulators to meet these mutual goals.

We are also one of the few banking groups in Europe to have a **dedicated ESG Committee**, created in April 2021. The committee's role is to supervise all our ESG activities and will ensure we are held accountable. This will also be the case with regards to our Governance and we will maintain strict respect of the **UN Principles for Responsible Banking**. We're proud of our **Diversity & Inclusion** efforts: 46% of our Board, 40% of our GEC and 33% of our senior leadership are female, and we recently announced our **investment of €100m to close the gender pay gap** over the next three years, ensuring equal pay for equal jobs.

## Why is UniCredit uniquely able to make a difference in this space?

We believe that our role is to **facilitate growth, innovation, and development the right way**. This means limiting the negative consequences for all stakeholders and securing growth for the long term. I believe that UniCredit's unparalleled positioning across Europe can enable us to play a critical role in our whole continent's transition to a more sustainable future. We do not want to support **the green transition; we want to lead it**. That is why we established our **Sustainable Finance Advisory team** to accelerate clients in their journey.

## DEDICATED ESG ADVISORY MODEL TO STRENGTHEN DISTINCTIVE VALUE PROPOSITION

Sustainable Finance  
Advisory Team

We are a credible partner, among leaders in ESG corporate financing, providing **Sustainable Finance Advisory** for corporate customers, financial institutions and public sector, as certified ESG experts on commercial banking network, with our regional ESG Competence Centres and a 360° ESG advisory approach for mid-caps.



Our priorities for UniCredit Unlocked time horizon are to enhance our ESG strategy, ESG rating and ESG tools to serve our clients with a customised approach.

ESG  
strategyESG  
ratingESG  
tools

## What can we expect from UniCredit in this space in the future?

I am determined that we see **ESG as an opportunity** rather than a rulebook. Financially, the potential is clear: there is an estimated €2tn per year additional global net financing opportunities for banks if we are to achieve 1.5°C pathway by 2050.

But the financial upside is just one aspect of the ESG opportunity. At UniCredit we know that good ESG means more than financial growth; **it equates to progress**, in all aspects of life, for the clients and communities we serve. This belief will govern how we do business. It will enable us to not only improve the financial circumstances of our bank and the communities and clients we serve, but to **fuel the progress of communities across Europe**.



## SUSTAINABLE APPROACH IN OUR PREMISES

At UniCredit, ESG is at the heart of everything that we do. Our sustainable approach to business ensures that our work has a positive impact on, and secures the future of, our communities and planet.

Our commitment to sustainability is reflected by our ongoing Green Real Estate initiative which focuses **on reducing our CO2 footprint to build a greener tomorrow.**

Over the past several years, we have run a series of **Energy Management** initiatives with the ambition of reducing energy consumption and waste across our premises. Across 1,100 branches in Italy and in Russia we have continued to modernise our buildings by installing remote HVAC and lighting management systems at our head offices. We have also implemented lighting optimisation projects in Italy, Germany, Bulgaria, Bosnia, and Herzegovina, Romania, and Slovenia.

We are committed to using **green energy procurement** to guarantee that our total electricity consumption comes from a renewable source. We have already achieved this by 79% in Italy, Germany, and Austria. Additionally, we have and will continue to invest in making our data centres more energy efficient with a special focus on **Power Usage Efficiency.**

At UniCredit, we believe in the power of our industry and in the good it can do when functioning correctly.


This goes far beyond our offices and branches. We work in a way that will benefit all our stakeholders, including the world around us. That's why we enhanced our target to remove all **single-use plastic** items from our premises by the end of 2022 and we continue to educate our employees on **waste management.**

Finally, our ongoing **Mobility Initiatives** have also been adopted by our people across all of our European branches. In 2021, we installed bike stations in our buildings in Bulgaria, Russia, and Italy and recharging stations for electric vehicles were installed in Italy, Austria, and Germany.

We know that our commitment to sustainability and actions to support the environment expand well beyond our local communities. As a pan-European bank with over 15 million clients and 87,000 employees across the world, collectively, we truly believe that **our local impact can make a global difference.**







ULRIKE ECKERSTORFER

OWNER LA SCHACHTULA  
AUSTRIA

## Our stories

This year **UniCredit announced our purpose of empowering communities to progress.** This may be a new articulation of our role, but it's what we've always done and what we will continue to do. **We pride ourselves on always putting our clients and their communities at the center of everything that we do, going above and beyond to support their needs.** This is because we are more than just a financial institution; we are UniCredit: a bank for our clients and communities, **a bank for Europe's future.**

Although these **stories, that capture some of our clients and our people,** come from many different countries, they are united by a common theme: how **UniCredit's existence is predicated upon our mission to serve and to empower people of all ages and backgrounds to unlock their potential and to progress.** They not only reflect UniCredit's active role in the functioning of today's society, but also our work with and **financing of organisations that are striving to protect our planet for future generations.**

We are proud of our team's dedication to supporting and financing initiatives that will have a positive and enduring impact, and as ever, **we look to the future with the determination to do more; to do better for our clients and communities.**

PROMOTIONAL MESSAGE



Italy





 **COUNTRY**  
ITALY

 **OUR**  
**COMMUNITIES**

## Quid

**SECTOR: FASHION**  
**ESG FOCUS**

Quid, founded in 2013, strives to provide equal job opportunities to people who have faced difficulties due to their social and economic circumstances. Over the years, Quid has grown from collaborations with small tailoring workshops to hosting its own, collaborating within ethical and sustainable supply chains, and opening new stores. Its mission of gentle disruption, using a model based on recovery, creation, and building, has seen it become a recognised brand in the Italian fashion industry.

**If you look at the label on any garment produced by Quid you will find the note: “Ethically made (in Italy).”** This encapsulates the two central goals of the Verona-based social enterprise: to reduce fashion’s environmental impact and to make a tangible social impact through work opportunities. **80% of the fabrics** Quid uses to produce its own exclusive clothing collections and lines for other brands **are remainders of large companies’ discontinued products.** Quid extends the life cycle of these materials to produce beautiful clothing sustainably. What is more, this model uplifts the socially and economically marginalized, as Quid **employs mainly female workers** at the fringes of the labor market.

For founder and president Anna Fiscale, 33, Quid’s social enterprise model is rooted in a core belief: “that by transforming limits into starting points, innovative business models can be developed. **Our mission begins where others’ stop:** where the fabric value chain ends, our design and production process begins; where the labor market discriminates, we build experiments in inclusive training and leadership”.

When the impact of Covid-19 was affecting many businesses, Quid overcame this global challenge using its sustainable and inclusive production model and with the power of creativity.

“The pandemic forced us to quickly rethink our business model,” says Anna Fiscale. “In less than 3 weeks we successfully converted our production into reusable and washable individual protection masks. Once again we were able to turn limitations into starting points.”

UniCredit has a long-standing collaborative relationship with Quid. When this opportunity for reinvention during the pandemic came up, the bank was ready to support them. In November 2020, the bank purchased 90,000 certified, washable and reusable ‘Cover-up’ masks that were made available to the Group’s employees.

Ambitious as Quid have been with a reimagined business model, their plans for the future do not stop here. Recently, UniCredit provided the cooperative with a **€2.5 million social impact loan** to support its growth plan, which aims to increase female employment with the creation of **12 new jobs**. The bank also committed to disburse €30 thousand to Quid, which, on the achievement of pre-established social objectives, it will use to enhance its corporate welfare project ‘Libera-mente’.

“We are very happy to have this collaboration with UniCredit,” said Anna Fiscale, “because **with your support we will be able to generate a greater social and environmental impact** and to develop new initiatives **to increase the economic sustainability of our business model**. Thanks to UniCredit’s support we will develop several important projects: on the one hand we will continue in our mission to employ and empower disadvantaged people, with a special focus on women. On the commercial side, we will seek new collaborations with commercial and distribution partners and we will open new stores to further develop our business model”.



## PLT ENERGIA

SECTOR: RENEWABLE ENERGY  
ESG FOCUS



The price of gas skyrocketed in the fourth quarter of 2021, leading to a substantial rise in electricity and gas bills for both households and energy-intensive manufacturing sectors. This demonstrates once more how urgent it is to transition to **the production of energy using renewable sources**.

**PLT energia** aims to answer this need. The company designs, develops, and manages **wind and photovoltaic plants**, with facilities in Spain and Italy. In 2016 PLT energia established its subsidiary company PLT puregreen, **Italy's first company to produce and sell only green energy**.

The group is continuously enhancing its technical and financial know-how to hit new milestones in sustainable energy production.

To become a leading green utility in Italy, the company could rely on a long-standing partner as UniCredit. The bank stepped in to make these ambitions a reality.

**In 2018, UniCredit structured a hybrid financing operation for the PLT group**, consisting of a bond issue and a bank loan for a total amount of over **€162 million, which aimed, among other things, at refinancing a portfolio of 9 wind farms**. In 2019, PLT energia signed a project financing contract with UniCredit with an EIB guarantee for over €34 million to construct wind farms with a total capacity of 37 MW in Calabria and Basilicata.

**In 2020**, SEF signed a loan agreement with UniCredit for a total of €60 million for the refinancing of a portfolio of 16 photovoltaic plants for a total of 13.5 MWp.

**In 2021**, with the help of UniCredit and the continuous stream of investments, the PLT group reached a major milestone as it produced approximately 470 GWh of clean energy from wind power generated by its 44 wind farms. In addition, SEF produced approximately 60 GWh from photovoltaic sources in its 37 power plants. **This astonishing achievement avoided the emission of more than 247,000 tons of CO<sub>2</sub> into the atmosphere and met the energy needs of 240,000 households.**

In this year, UniCredit also joined leading public financial institutions supporting the PLT Group with a loan agreement for a total of €92.3 million. This will go towards the construction of greenfield wind projects which will have a capacity of 95 MW. The bank also allowed a further loan of €43.95 million to refinance several companies in the PLT Group that own a wind operating portfolio of 74 MW.

**President of the PLT group Pierluigi Tortora** professed that having UniCredit as a partner over the years, in addition to the credit support the bank has provided, "has allowed the group to identify and structure in the market the best financial solutions to make important investments both in Italy and abroad". In this way, UniCredit has played a vital role in the group's ongoing quest to combat climate change.







**COUNTRY**  
ITALY



**OUR**  
**CLIENTS**

## DOTT. GALLINA

SECTOR: CHEMICAL  
ESG FOCUS

The Piedmontese company Dott. Gallina has an ambitious goal: to convert an abandoned, historic industrial site into a new type of factory. The “Transparent Factory” will use innovative automated production technologies and blend cutting-edge research with respect for the environment, employee welfare services, and benefits for the community and wider territory.

Founded over sixty years ago in Turin, the family owned Dott. Gallina is active in the production of polycarbonate sheets and systems for the building industry, as well as technical profiles for the automotive industry. The company initially grew through its work for the automotive sector before expanding into the production of building materials.

Thanks to continuous investment, the development of a method that allows the design and manufacture of the production lines to take place internally, and a willingness to look beyond borders, **Dott. Gallina is today present in Europe, Asia and the United States, realizing 70% of its turnover in forty countries outside Italy.**

The company launched a sizeable investment plan in 2021, aimed at increasing competitiveness, and therefore growth, through a stronger commitment to research and development combined with greater attention to environmental protection and the promotion of a welfare system for employees. The final objectives of the three-year plan are to increase turnover by more than a third and create more than a fifth of new jobs.

The first step in Dott. Gallina’s ESG transition is the 100,000 sq m ‘Transparent Factory’, which is being built with an investment of €27 million and without the consumption of any new land, instead redeveloping a former industrial site using the best available technology in terms of innovative production processes, energy efficiency, and overall quality of the working environment.

To help the company complete this project and see its plans underway, **UniCredit fully subscribed to a €14 million 7-year mini-bond issued by Dott. Gallina to finance the factory’s construction.** The instrument itself is sustainability-linked, with a mechanism that ties its interest rate to the achievement of precise objectives in terms of reducing energy consumption and improving employee access to corporate welfare services.

“I am particularly pleased to have concluded such an innovative financial transaction with UniCredit, which enhances both the green and social commitments of our company”, commented **Dario Gallina, CEO.**

“The loan is for the construction of a new production plant which rehabilitates a site with a great industrial history where Comau was born. UniCredit has proved to be a very constructive financial partner as regards issues of sustainable growth – supporting us with an investment that will allow us to combine innovation, productivity, efficiency, better working conditions and reduced environmental impact”.

The subscription of the mini-bond issued by the Piedmont-based company also represented an important milestone for UniCredit. In addition to being **one of the largest sustainable mini-bonds issued in Italy to date**, it was the hundredth mini-bond structured by the bank in favor of small and medium-sized Italian companies (SMEs) – testament once again to UniCredit’s leadership in facilitating capital markets access for SMEs and its enduring commitment to sustainability.







Photo credit Fabio Gambina



## DONNAFUGATA

SECTOR: WINE  
ESG FOCUS

**Donnafugata was founded in Sicily in 1983** by Giacomo Rallo and his wife Gabriella with a shared desire to innovate the style and reputation of Sicilian wine globally. Today, José and Antonio Rallo, the fifth generation of the family, lead the company along with a team of people dedicated to “Made in Italy” excellence.

**José Rallo acts as both the face and voice of the company.** The leader of the marketing and public relations team also has lent her vocal talent to the Donnafugata Music&Wine project, a revolutionary multisensory experience that pairs wine with music. José is also a member of the board of directors of Assovin Sicilia, the ICE Agency, and FAI.

**Antonio Rallo is the company’s agronomist and winemaker**, gifted with a strategic vision and unwavering in his commitment to the Sicilian wine sector. He heads the Consortium of Sicilian DOC Wines, a promotional and territorial cohesion network that counts more than 8,300 wine-growers amongst its members.

**Sicily is a wine-producing region rich in biodiversity and with an extraordinary climate.** Donnafugata’s identity is firmly rooted in this environment. In addition to its historic cellars in Marsala, the company’s estates cover more than 400 hectares of vineyards; from the lands overlooking the sea on Pantelleria, to the hilly landscape of Contessa Entellina and Vittoria, to the rugged territory of Mount Etna.

The company has been committed to eco-sustainable development in its territory for more than 30 years. **To Donnafugata, sustainability is the key to Sicilian quality wine:** good practices are applied in the vineyards, such as the cultivation of native varieties. In the cellar, it has adopted energy-saving measures and produces clean energy from renewable sources. Donnafugata’s sustainable certifications include Carbon and Water Footprint by DNV-GL and SOSTain, which promote the sharing of environmentally-friendly good practices and transparent communication with customers.

**Sicily’s historical-cultural heritage is in the heart of Donnafugata** inspiring the dialogue between wine, literature, and art: the company’s name alludes to the famous Italian novel *Il Gattopardo* and the story of the fleeing queen, who found refuge where the vineyards are today. The signature labels are a trait of Donnafugata, representing the world and the colors of the island through tradition and innovation.

**Donnafugata believes in its corporate social responsibility** and has supported various projects over time: these include the donation of a Pantelleria garden to the FAI (Fondo Ambiente Italiano), which is open to the public, the financing of the Giuseppe Nenci Prize of the Scuola Normale di Pisa and the recovery of two precious Sicilian puppets at the “Pasqualino” Museum in Palermo.

A unique feature of Donnafugata is **the role of women** within the company’s organization who make up 40% of the managerial positions. Excluding the production sector, women represent 52% of Donnafugata. The company places great importance on the ongoing training of human resources.

**CEO José Rallo commented:** “We are a family business in perpetual motion, an example of an authentic and sustainable wine-producing Sicily. In constant pursuit of new challenges, UniCredit, our long-standing partner, has embraced our growth plans over the years, supporting, in particular, the recent investments that led to the creation of the Etna and Vittoria estates. Areas that have further reinforced our premium positioning with small, prestigious productions from unique territories and vineyards”.



Photo credit Beatrice Pilotto

## AUTOGRILL

### SECTOR: FOOD & BEVERAGE RETAIL

Autogrill is the **leading global operator in food and beverage services for travelers**, comprised of more than three hundred different brands in thirty countries across four continents, operating 3,800 points of sale and employing more than 31,000 people. The company operates in **one of the sectors most affected by the 2020 lockdowns due to the pandemic**.

It has since benefited from the gradual reopening and is now back on track in pursuing its sustainable long-term development strategy. UniCredit has a longstanding relationship with Autogrill going back a number of years.

In 2020, UniCredit led the pool of banks granting a €300 million five-year SACE-backed loan financing aimed at restoring liquidity.

In 2021, the bank played a pivotal role in Autogrill's very successful post-pandemic capital structure optimization, with the €600 million capital increase executed in June and



the €1 billion full debt refinancing that followed in October representing a landmark achievement as one of the most prominent deals of the year in Italy.

**“UniCredit proved once again to be a competent, reliable and supportive partner, acting as real deal enabler to ensure us full financial flexibility and allow the company to focus on accelerating growth, with the aim of strengthening its global leadership position in coming years by optimizing the concession portfolio, evolving the business model and making the capital structure more flexible”, commented Camillo Rossotto, General Manager Corporate and Group Chief Financial Officer & Chief Sustainability Officer at Autogrill.**

## DIASORIN

### SECTOR: PHARMA

DiaSorin is an Italy based bio-tech multinational, world leader in the lab diagnostics market, specialized in the immunodiagnostics and molecular diagnostics segments and active in the licensed technology business. It has been developing, producing and marketing reagent kits for laboratory diagnostics all over the world for **over 50 years**.

Its broad offering of diagnostic tests and licensed technology solutions positions DiaSorin as the market player with the widest range of specialty solutions in the sector.

Listed on the Italian Stock Exchange since 2007, **DiaSorin is present on a global scale with 45 companies, 4 branches, 10 production facilities and 9 research and development centres, employing more than 3,300 people** and making two thirds of its revenues outside Europe.

In the **bio-tech industry**, success is based on **continuous innovation** through major investments in **research and development**, while scale and global reach are essential. In 2021 **DiaSorin acquired the US based Luminex Corporation**, listed on the NASDAQ, in an all-cash transaction worth USD1.8 billion that allowed the group to acquire new competencies and gain multiplexing technology for molecular diagnostics.



UniCredit participated into the USD1.6 billion financing package granted by primary financial institutions to DiaSorin in the context of Luminex acquisition, and later acted as joint bookrunner in the placement of senior unsecured equity linked bonds worth €500 million, for a capital market take-out of the financing package.

**“The acquisition of Luminex represents an important step in our expansion strategy - Piergiorgio Pedron, Chief Financial Officer at DiaSorin commented – as it will position our group as a fully-fledged diagnostic and life science player, offering increasingly sophisticated solutions to customers worldwide. Constant support received cross border by UniCredit in all phases of the financing of the transaction has been of paramount importance to the successful execution of this transformative deal”.**



## ERG

### SECTOR: RENEWABLE ENERGY

Less than a decade to complete the transition from oil company to **leading international producer of energy from renewable and clean sources**. This is how long ERG, the historic Genoese energy producer, has been working, radically changing its business model, anticipating long-term energy scenarios and achieving a leading position in the Italian and European renewable energy market.

ERG is an example of a transformation successfully completed: the company has changed its skin, abandoning since 2008 models of energy production no longer sustainable to follow the evolution of the times and new energy needs.

ERG is today the **major wind energy producer in Italy** and ranking among the top five for solar energy. It has a new industrial plan that foresees further, strong growth in installed capacity. And it has developed an integrated ESG strategy, adopting a business model oriented towards **sustainable development and decarbonisation objectives**, consistent with the transition process of the energy system underway worldwide. ERG has also evolved its financial strategy, moving from a structure based on bank credit and project financing to a capital structure centred on the issue of **Green Bonds** placed on the market.



UniCredit has accompanied ERG's transition over the years, overseeing numerous capital market transactions aimed at optimizing the capital and ownership structure and providing advisory for the reorganization of the group through the sale of oil assets and several acquisitions of renewable portfolios in the various segments and geographies. "The partnership with UniCredit - said **Michele Pedemonte, ERG's Chief Financial Officer** - has helped us to successfully implement a complex industrial and financial transformation.

The bank's significant expertise in solutions to support decarbonisation has proved invaluable in mobilising capital for the investments required for our sustainable development". In 2021, the bank oversaw the placement on the market for ERG of a ten-year green bond - the longest so far issued by the company - of €500 million, which was very successful and obtained a demand equal to 6.6 times the offer. And it assisted ERG in the acquisition from Omnes Capital of 100% of Omniwatt, a French company that owns a portfolio of wind and solar power generation plants, which has enabled it to reach 3.2 GWh of installed capacity.

## ANDREA BERTAMINI

ROLE: DATA ANALYST  
ESG STORY

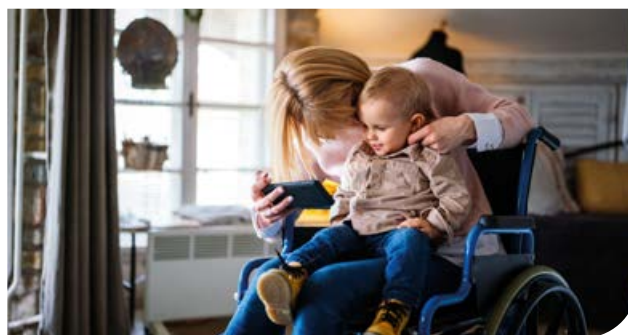
I apply my innate passion and zeal for life into everything I do, and I believe it's my duty to **act as an advocate for those who are not able to truly live life to its fullest**.

Therefore, I'm incredibly grateful that I'm part of the UniCredit Trento team as all my colleagues share in my moral responsibility to help people, and organizations that have a "small but mighty cause".

For years, I have spent my time outside of work supporting an organization known as "FOP Italia OdV". FOP stands for "**Fibrodysplasia Ossificante Progressiva**", and it is an extremely rare and progressive disease among children. It affects their bone and muscle development, leading to high immobility or the inability to move their bodies correctly.

Due to the rarity of the disease, there is very little medical research or studies that have been conducted on the illness. That's why, in 2006, FOP was created by parents of patients, all of which are driven by a shared passion.

They organize meetings and conferences, promote the importance of the sharing of knowledge, provide funding for research, and they go to impossible lengths to provide their children with a chance for a better future.



**A future that all children deserve.** With the tremendous support and generosity of my fellow colleagues at UniCredit, our Foundation has been able to make significant inroads to **enhancing the lives of children who suffer from this rare and life-altering disease**.

Since 2008, the funds raised by the Foundation have financed an annual research scholarship for young researchers at Gaslini Pediatric Hospital.

Furthermore, from 2019 they have made an annual contribution to IFOPA, an American research organization for projects on gene therapy (since 2019), and they funded the "Simona Vallara" Award in 2020, with the aim of improving the daily life of FOP patients. I'm incredible proud to be part of "the UniCredit Group that recognizes and supports such a small but mighty cause". The support of my team has provided me with the "continued motivation I need to make a difference in my community, and in the lives of others."



**COUNTRY**  
ITALY



## DOC SERVIZI

SECTOR: ENTERTAINMENT  
ESG FOCUS

**Doc Servizi** is the largest entertainment cooperative in Italy and is part of a network of six other companies that together cover all sectors of the cultural and creative industries, as well as the technology sector. Founded in 1990 in Verona with the aim of **supporting workers in the performing arts**, by the end of 2019 the Doc network represented over 8,400 members, with 33 branches across Italy and a turnover of more than €70 million.

Doc Servizi is committed to helping the entertainment industry navigate the economic impact of the Covid-19 pandemic, reshaping its support for the performing arts to achieve this. At a time when this support has been more essential than ever, **UniCredit's Social Impact Banking's team support has been vital**. In 2021, UniCredit supported Doc Servizi with an **impact financing loan of €1.3 million**, to be used as part of an investment plan designed to guarantee new employment opportunities for workers in the performing arts.

Part of this plan is to stabilise the professional position of workers in the sector, guaranteeing access to social protection mechanisms and providing unemployed workers the opportunity to develop new professional skills. As the loan falls within the scope of UniCredit's support activities for profit and non-profit enterprises with clear and measurable social aims, it was classified as an **impact financing operation**. The offer terms therefore included subsidised financing and the possibility of a partial repayment of interest upon successful delivery of their core objectives.

This means that once Doc Servizi has achieved two of its core social goals, which include stabilising employment opportunities for over 1,000 workers between 2021-2022 and relocating over 400 workers through training courses, UniCredit will grant the cooperative an **interest repayment of €10 thousand** on the impact loan.

**Demetrio Chiappa, Chairman of Doc Servizi**, commented: "The €1.3 million loan we received from UniCredit has allowed us to overcome the terrible impact of the pandemic on our sector and on our cooperative. The funding has enabled us to maintain our network of worker members and build adequate training plans for them to ensure employment continuity. Moreover, during the recovery period, the Italian entertainment market has seen more than 20% of technicians change jobs, and the financial capacity granted by UniCredit also allows us to further support and introduce new entertainment professionals to work with Doc Servizi".







**Germany**





**COUNTRY**  
GERMANY



**OUR**  
CLIENTS

## DETTMER GROUP

SECTOR: LOGISTICS  
ESG FOCUS

The Dettmer Group is a logistics company, active throughout Germany with around 1,200 employees.

The Group was founded in 1947, recognizing from the outset the importance of **investing in sustainable business models** in order to secure its future.

To demonstrate this commitment, it began extensive activities in inland shipping, one of the least environmentally damaging modes of transport, in addition to operating 25 tankers in Europe's waterways.

Today, a total of 32 different companies are united under the umbrella of the family-owned company. As well as inland shipping, it deploys container logistics, project logistics, air freight, waste disposal, and recycling at the "Die Grünen Engel" plant in Nuremberg, which it owns.

This responsible approach has also led it to employ innovative new propulsion systems using hydrogen technology.

Sustainability is fundamental to the Dettmer Group's activities, and it will remain fundamental as the Group expands with further acquisitions in the future. "Sustainability and in particular the recycling of valuable raw materials is a growth market from our point of view", says **Heiner Dettmer, Dettmer Group CEO**, who has been at the helm of the Bremen-based company for more than 30 years.

**UniCredit HypoVereinsbank** has been the Dettmer Group's strategic banking partner for many years. The bank has assisted with financing bilateral acquisitions, allowed a high degree of flexibility, and provided both competent advice and knowledge from experience of company takeovers. The relationship has imbued the Group with the confidence to make quick decisions and has helped to make unusual solutions possible.

UniCredit HypoVereinsbank's close cooperation and intensive involvement with the Dettmer Group's business model can be seen as recently as 2021. UniCredit coordinated a debut syndicated loan for the company, which bundled and refinanced almost all bilateral loans and credit lines of its subsidiaries.

The Group was confident in allowing UniCredit to act as bookrunner, mandated lead arranger, and doc agent in this transaction, based on its positive experiences with the bank in previous years. Once more the support of UniCredit is ensuring the Dettmer Group can achieve new heights, as this solid financing foundation allows the company to continue investing in growth and sustainability.

"We need banks that not only want to sell us something but advise us so that we can expand and breathe in other areas as well. This is not a matter of course, but it works very well with UniCredit HypoVereinsbank", commented **Heiner Dettmer** about the successful cooperation.



**COUNTRY**  
GERMANY



**OUR**  
CLIENTS

## STEINICKE

SECTOR: FOOD  
ESG FOCUS

Steinicke is one of the **world's leading manufacturers of dried vegetables and herbs**, supplying major food groups such as Nestlé and Unilever.

A family-run company with a rich history, founded over 100 years ago, Steinicke has three production sites across Germany growing and processing vegetables and herbs such as parsley, dill, coriander, carrots, cauliflower and asparagus. Sustainability is of the utmost importance to the company and sustainability education is key to Steinicke's work practices, with regular training provided to employees and suppliers.

The company also allows elementary schools access to its production facilities to engage young people in topics such as biodiversity and resource conservation.

Steinicke also employs environmentally conscious innovations in its production process, such as a watering system it developed with a customer that implements GPS to help farmers reduce water consumption.

Proving what is possible with a sustainable working model, Steinicke achieved sales of €29 million in 2020.

The company has no intention of resting on its laurels, as it has set itself the goal of being climate-neutral by 2030.

Recently, Steinicke decided to make **two major investments** that will help it to continue its work in the sustainability area, while also remaining competitive. One of these is a major innovation: Steinicke is one of the first ever companies in Germany to have built an agrophotovoltaic plant at its headquarters in Lüchow, Lower Saxony.

This system generates solar power in the same fields where crops are grown, which will be used for the energy-intensive process of drying herbs and vegetables.

The second investment is a combined heat and power plant with a wood chip system, which is being built at Steinicke's headquarters.

Valuable as these investments are, they required a great deal of capital. UniCredit HypoVereinsbank has been Steinicke's house bank for over 30 years, providing financing as well as strategic advice on day-to-day business and significant issues such as working capital management.

When the bank learned what the company hoped to achieve with these investments, it was ready to lend support. UniCredit HypoVereinsbank financed the investments of €1.3 million for the photovoltaic system and approximately €8 million for the combined heat and power plant.

The expertise of the bank's funding specialists was invaluable when Steinicke explored funding programs from the German government's development bank, KfW. The specialists, using their high level of industry knowledge from a wide range of sectors, advised the company to apply for product no. 270, "Renewable Energies," in addition to a grant from the Federal Environment Agency to fund the agrophotovoltaic system. For the woodchip heating system, the specialists found that Steinicke was eligible for program no. 295: "Federal support for energy efficiency in the economy".

This program provides for a repayment subsidy of up to 55%, provided that the system meets certain criteria. These must be confirmed by an independent energy consultant after a certain period of operation.

**Michael Lettenbichler**, one of Steinicke's three **Managing Directors and responsible for purchasing and sales**, human resources and public relations, is very satisfied with the advice he receives. "When it comes to money, you need a good bank that finds clever solutions just as UniCredit HypoVereinsbank", he said commenting on the cooperation with the bank.





**COUNTRY**  
GERMANY



**OUR**  
CLIENTS

## RATHGEBER AG

### SECTOR: REAL ESTATE

A household name, Rathgeber AG has been active in Munich for more than a hundred years. In recent times, the former mechanical engineering company has transformed itself firstly into a **property ownership company** and subsequently into a **real estate project developer**. Rathgeber AG develops real estate exclusively for its own portfolio. Through the “Meiller Gärten” project, Rathgeber AG is building one of the largest private rental housing developments in Munich – with a total investment of approximately €300 million.

A total of fourteen buildings with **over 650 residential units**, a boarding house, several commercial units and two daycare facilities are being built across the eight construction sites. In addition to private gardens, the open space planning also includes two **large public green areas**. The standout feature of the project is its sustainable orientation.

Clinker bricks are used, for example, as a sustainable and durable material for parts of the facades.

A **regenerative concept** leveraging **groundwater heat pumps and solar power** will be installed for the development's energy supply. Taking into account the boarding house alone, a total CO<sub>2</sub> saving of 103,905 kilograms per year can be unlocked through the trifecta of good insulation, proper use of groundwater and CO<sub>2</sub>-free generated electricity.

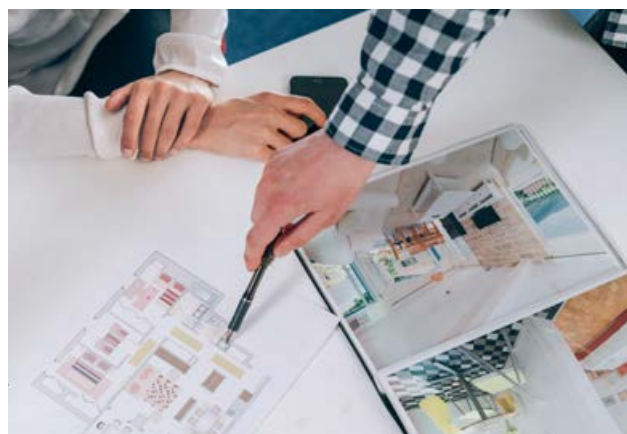
The electricity required for the groundwater heat pumps is partly generated with the help of solar cells on the roof.

UniCredit HypoVereinsbank financed the **sustainably-designed boarding house**, which opened last year and covers an area of 6,400 square meters and 152 apartments, with its first ‘Real Estate Green Loan’ for a total of €15 million. With this new loan product, UniCredit HypoVereinsbank has expanded its range of sustainable financing solutions to include commercial real estate financing and is **helping its customers achieve their sustainability goals** with an additional tool.

In this context, the granting of loans is linked to specific property criteria for energy savings.

The financing was also supplemented by a KfW loan for energy-efficient construction amounting to €4 million.

“With the green loan from UniCredit HypoVereinsbank, we are underlining the sustainable character of Meiller Gardens and also including the area of financing in our sustainability approach”, commented **Andreas Ferstl, CEO of Rathgeber AG**.







**PAESE**  
GERMANIA



## **GEMEINNÜTZIGE WOHNUNGSBAUGESELLSCHAFT INGOLSTADT (GWG)**

**SECTOR: NON-PROFIT HOUSING ASSOCIATION**

Founded in 1934, the non-profit housing association **Gemeinnützige Wohnungsbaugesellschaft Ingolstadt (GWG)** is the largest housing company in the Ingolstadt region with over 7,400 rentals. Driven by the philosophy “Everyone should find their favorite place,” GWG is dedicated to designing modern, aesthetically pleasing, and affordable housing that caters to individual needs and preferences. Each of GWG’s houses are based in idyllic, natural surroundings. Ensuring that its housing developments are environmentally sustainable is imperative to the company. The actions it takes to ensure its rentals do not harm our planet include, but are not limited to, designing buildings that are energy efficient and making certain that its portfolio development is sustainable.

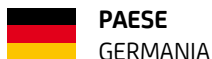
In 2021 GWG launched a new housing development called ‘IWO - Inclusive Living’, with houses designed to be accessible to disabled people. The project was driven by GWG’s enduring goal of creating living conditions that enable everybody to lead independent and enriching lives. In recognition of the tremendous impact the housing project would have on the community, UniCredit HypoVereinsbank granted the association an impact-oriented loan. This loan provided GWG

with the funds to construct a new wheelchair-accessible building with 44 publicly funded housing units, and to build two commercial units for organisations which provide support to disabled people.

UniCredit’s loan, which forms part of their Social Impact Banking initiative, is granted to companies and organizations whose projects will have an enduring positive impact on society. In response to the bank’s support, GWG Managing Director Alexander Bendzko said: “We see it as our social obligation to provide affordable, attractive and safe housing. In doing so, we make a point of acting sustainably. Therefore, we are pleased that UniCredit HypoVereinsbank has supported us in this mission”.







## PFENNIGPARADE FOUNDATION AS COOPERATION PARTNER OF UNICREDIT HYPOVEREINSBANK

### SECTOR: NON-PROFIT ORGANISATION

The Pfennigparade Foundation was founded in the early 1950s as a citizens' movement to fight the polio pandemic. It is committed to supporting people with disabilities in their professional and personal lives, ensuring that everyone is afforded equal opportunities and rights. Behind their dedication to helping disabled people is the ambition of creating a colorful and diverse society where each member of the community is viewed as an equal.

In acknowledgement of the Pfennigparade Foundation's admirable goal of creating an undiscriminating and inclusive society, UniCredit HypoVereinsbank ran their second **"Entrepreneurship Inclusive" programme** with the Foundation. The programme, which forms part of HVB's Social Impact Banking initiative, aims to help disabled and non-disabled students within an inclusive context to kick start their professional careers by helping them to realise and develop their business ideas.

Following an intensive workshop and a four-month long mentoring phase, the school teams worked with volunteers from UniCredit HypoVereinsbank's to further their business models. The students then had the opportunity to present their projects to a jury of experts at a final "Entrepreneurship Inclusive" event. Through the initiative, the pupils gained

practical business skills as well as key entrepreneurial knowledge, including how to approach current social issues with an entrepreneurial mindset. Most importantly, they also had the opportunity to unlock, develop, and refine their personal potential.

The positive impact the programme has had on the lives of young people within the community, as well as wider society, is demonstrated by a team which has continued to develop its app. The app measures a user's daily CO<sub>2</sub> consumption and provides them with incentives for a more sustainable life.

Praising UniCredit's support, Head of Corporate Development at Pfennigparade Foundation Thomas Heymel said: "With this project, UniCredit HypoVereinsbank equips students with and without disabilities, who have an interest in start-ups and their operational methods, so that their ideas can be successfully implemented. A great contribution to inclusion in the start-up scene of tomorrow".







**COUNTRY**  
GERMANY



**OUR**  
**PEOPLE**

## MICHAEL HÖGLAUER

**ROLE: TEAM LEADER SMARTBANKING REMOTE SALES**  
**ESG STORY**

In July 2021, my home country of Germany suffered record-breaking rainfall.

The torrential downpour caused **catastrophic flash floods** which resulted in over 220 fatalities, the destruction of buildings, and colossal damage to critical infrastructure.

This fatal tragedy left our country's citizens in **tremendous shock**. When disaster happens, the UniCredit team knows that those in need require a swift response.

The care and compassion of our team at UniCredit Germany led to several of our colleagues to quickly contact the Bank's Foundation.

Within a matter of hours, the Foundation was on board and **helped to support our initiative aimed at providing funds** for disaster relief in the communities directly affected by the fatal natural disaster.

My fellow colleagues, across all our European branches, immediately rose to action in support of our initiative. Their overwhelming generosity saw our team collect **close to 700 donations**. The Foundation doubled the amount donated, leading to a combined total of **€180 thousand in funds raised**.

The money raised by UniCredit was immediately provided to the non-profit relief organisation, Aktion Deutch Hilft e.V, which provided food, shelter, and medical aid to the members of our community whose lives were greatly affected by the floods. "The response has been overwhelming... many of the colleagues also explicitly thanked the Foundation".







**Central  
Europe**





**COUNTRY**  
CZECH REPUBLIC



## CENTRUM PĚČE DOUBRAVA

**SECTOR: SOCIAL HOUSING**  
**ESG FOCUS**

Situated in the leafy village of Doubravčice on the outskirts of Prague, **Centrum péče Doubrava** is a specialised **therapeutic care centre** focused around three core tenets: **health, nursing, and activation**. The harmonious, award-winning facility caters to those who require continuous care with chronic diseases and impaired cognitive functions, delivering a **highly-personalised** service through its hundred-strong team of nurses, caregivers, activators, physiotherapists and masseurs.

In just three short years, Centrum péče Doubrava has built a stellar reputation based on its **modern approach** and exceptional levels of **patient expertise**. It is the first care centre in the Czech Republic, for instance, to provide Namaste Care: an exclusively non-pharmacological method that enables staff to cater to the personal needs of residents living with advanced dementia, focusing on the person rather than the process and protocol. In its private park, inspired by the rolling hills of the French countryside, residents can undertake both creative and physical activities in a natural setting. This outdoor recreation simultaneously prolongs the active part of their lives whilst **alleviating the intense pressures associated with such caregiving** that often fall to close family members. In addition, a personal physician is located on site, complemented by a team of specialists including a psychiatrist, a neurologist, and an ENT doctor.

Thanks to the quality of services that it offers, Centrum péče Doubrava became **an important pillar of its local community**. However, with this growth in stature naturally came increased interest.

The centre's management soon realised that additional capacity was required to provide for the influx of patients. Plans were immediately drawn up to build a second senior house, once more revolving around the model of continuous care but this time with a sharper focus on treatment of the neurodegenerative disease Alzheimer's.

The centre's ambitions were noble, but if it was to expand and provide care for this condition, which requires a unique degree of treatment, it would need funding. Recognising the value of the institution and what it could provide the community, **UniCredit Bank Czech Republic & Slovakia** granted Centrum péče Doubrava CZK75 million in loans in order to both finance the facility and boost the company's working capital.

How society treats its most vulnerable is always the foremost measure of its humanity. In providing both dignity in old age and peace of mind for families, Centrum péče Doubrava continues to exemplify this value on a daily basis, ensuring quality of life for its patients until the end of life – with **CEO Miloš Tkáčik** commenting: "Dignified old age is something we care about. We are very pleased that, with the financial support of UniCredit Bank, we have built Centrum péče Doubrava – the place you want for your loved ones where specialized care of the highest order is provided for chronically ill seniors".



**COUNTRY**  
CZECH REPUBLIC



**OUR**  
CLIENTS

## CZECH GAS NETWORKS INVESTMENTS

SECTOR: ENERGY INFRASTRUCTURE  
ESG FOCUS

Czech Gas Networks Investments S.à.r.l. (CGNI) is the parent company of the Czech Grid Holding a.s., the owner and operator of the **largest fully regulated natural gas distribution network** in the Czech Republic, which covers more than 80% of the country's energy market and is provided by two companies – GasNet and GasNet Služby.

Given its strong commitment to ESG and the adjustments needed to its network assets and renewal strategy to **reach net-zero by 2050**, CGNI was looking to optimise its debt capital structure using its Green Finance Framework, which is closely aligned to the EU's Taxonomy Regulation.

CGNI's aim was to find the best balance between debt capital markets and bank loans, and the financing of eligible green projects.

This led to the issuance of its inaugural **€500 million 8-year Green Bond in September 2021 with UniCredit as Joint Bookrunner**.

The debut Green Bond proceeds raised will be used for financing and refinancing purposes with a focus on the retrofit of the company's existing gas network to make it compatible for the distribution of hydrogen and other low-carbon gases.

A key feature in the retrofit of local networks, covering circa 49,000 km is the replacement of steel for polyethylene pipelines, to **enable the distribution of clean energy in more than 3,800 municipalities**. In addition, the proceeds will also be used for various energy efficiency improvements planned across CGNI's buildings.

**Thomas Merker, CFO Czech Gas Networks Investments S.à.r.l.** commented: "Sustainability and transformation to a low-carbon environment are key drivers for our future and our business strategies. It has been an honour and privilege to cooperate with the UniCredit Bank team on this strategic Green Bond transaction. Thank you for their professional knowledge and expertise to succeed".





## LA SCHACHTULA

SECTOR: FASHION  
ESG FOCUS

With an enduring commitment to **sustainability and detailed craftsmanship**, **Ulrike Eckerstorfer's** artisanal '**La Schachtula**' prides itself on "homemade gifts that tug at the heartstrings". Her pieces, suitable for every occasion and ranging from tea towels to cuddly toys, are sourced from 100% natural materials and tell a vivid story grounded in both **Austrian heritage** and her own family history, having been taught to sew by her mother at a young age. For Ulrike, regionality is both a deeply rooted and passionately lived philosophy.

That is why she not only opts for 100% Austrian materials, but wholly Austrian supply chains. Her fabrics derive from exclusively selected partners and are woven in the heartlands of Vorarlberg and the Mühlviertel region (Upper Austria).

Sustainability informs every decision and sits at the very core of her value proposition, from product right down to handmade packaging.

In March 2021, spurred on to take the reins and play an active role in stimulating a domestic economy beset by Covid-19, Ulrike took the courageous step to open a second shop in Vienna.

**UniCredit Bank Austria** had supported Ulrike in the establishment of her first shop. Believing that good ideas deserve a chance, UniCredit Bank Austria were determined to help Ulrike's business continue to thrive.

Through **MicroCredits**, UniCredit is able to promote the creation and development of small companies not only through conventional forms of financing, but also by making the necessary expertise available.

A MicroCredit is part of the **Social Impact Banking Initiative** and an effective instrument for corporate and social development. UniCredit Bank Austria extended a MicroCredit so Ulrike could finance her ambition and benefit from access to a network of mentors, who provided her with more day-to-day, holistic advice.

In August, Ulrike joyfully threw open the doors to her new premises in Vienna's first district in a ceremony shared with close friends, city representatives and the local press. Thanks to the fruitful cooperation, there are now two locations where consumers can find Ulrike's unique brand of 'homemade happiness'.

Despite the entrepreneurial challenges and uncertainty of expanding during a global pandemic, Ulrike's courage paid off, and she fulfilled her long standing dream of growing her business with UniCredit Bank Austria's help. Reflecting on the leap she made, she commented: "UniCredit Bank Austria has supported us in this big step.

Not only with a **favourable microcredit**, but with **comprehensive actionable advice**. The many lockdowns were a challenge. But I used the time to design new products. Despite the Pandemic, I knew it was the right time to further grow my business".

## MAGDAS - SOCIAL BUSINESS OF CARITAS OF THE ARCHDIOCESE OF VIENNA

SECTOR: SOCIAL CARE  
ESG FOCUS

**Magdas** was founded by the Archdiocese of Vienna's Caritas in April 2012 with the entrepreneurial objective of **solving social issues**.

Their projects are economically self-sustaining, and their ultimate goal is and remains solving a social challenge. They provide **meaningful apprenticeships and jobs** and create prospects for people who do not get a chance with many other employers.

**They see potential where others focus on hurdles.** Magdas is a story with proof that things can be done differently. In autumn 2020 they approached UniCredit Bank Austria enquiring about financing possibilities for the project "magdas HOTEL City", the challenge was their ambitions needed to be developed right in the middle of the Covid-19 pandemic in order to **open the new Hotel** which is now planned for Autumn 2022.

Our team at UniCredit Bank Austria evaluated the project within the framework of our Social Impact Banking programme and granted the client with a **funding of €5.7 million** from June 2021 for a 20-year term.



Thanks to our support magdas was able to **successfully launch its programme** to reintegrate around 15 people per year into the labour market, thus achieving its goal of creating job opportunities for the disadvantaged.

Based on the experience with other Caritas projects, we are confident that about 70 people will be successfully reintegrated into society over the next five years thanks to UniCredit's support.

**Klaus Schwertner, Managing Director of the Archdiocese of Vienna's Caritas**, commented on our collaboration "The Covid-19 pandemic is causing adversity, especially for people with a refugee background. In magdas HOTEL they have the opportunity to develop their potential. We are very pleased to have found a partner in UniCredit Bank Austria and its Social Impact Initiative, which shares our commitment to society".

## HARALD MADL

ROLE: CORPORATE RELATIONSHIP MANAGER  
ESG FOCUS

At the heart of UniCredit Bank Austria is our community. We are always striving to do better, to do more to empower our communities to progress and to lead the lives that they deserve. Therefore, above all else, we place huge importance on identifying critical need projects that require support. Last year, we leveraged impact financing for the **construction of a new Ronald McDonald's Children's Aid House** on the grounds of University Hospital Salzburg.

The construction of the new house will enable four times as many **families to stay close to their seriously ill children** during their treatment at the hospital. In total, this amounts to 15 flats which will be made available to around **300 families per year**.

This new building will make all the difference to the parents and carers of children who are undergoing life-saving treatment. I strongly believe that this geographical proximity will not only provide families with the courage to remain strong for their children, but it will also **provide the young patients**



**with the familial care** and comfort that they require to help them through the healing process.

I am humbled to be part of UniCredit: a bank that never ceases in its ambition to help those within the community who need it most, a bank who will never stop putting our people at the centre of everything that we do.

It is "an incredible feeling knowing I work for a Bank that truly cares for its people and empowers our communities to progress – that's the UniCredit way".





**COUNTRY**  
AUSTRIA

**OUR PEOPLE**

## ROBERT ZADRAZIL

ROLE: CEO AUSTRIA  
ESG STORY

**At UniCredit Bank Austria, ecological sustainability plays a critical role in both the way we do business and the way we impact the communities in which we operate.**

It is a widely reported fact that global bee populations are in decline. The loss of habitats due to urbanization and farming, the effects of climate change, and the widespread use of pesticides are all contributing to this phenomenon, which has dire implications for our world. Bees play a major role as pollinators of plants that other species need to survive; if we lose them, all of nature will feel the catastrophic effects.

UniCredit Bank Austria saw this as a call to action. We were determined that we would take responsibility for this crisis in the natural world. What is more, we would respond to it in the right way.

That's why we partnered with Bienenzentrum ("Bee Centre", BIEZEN – Wiener Honigmanufaktur) to launch this initiative.

Bienenzentrum are a group that is completely committed to organic beekeeping. With their help, Bank Austria have given a home to more than one million bees on the roof terrace of our Vienna headquarters in the past two years.

Within a flight radius of 3 kilometres around the beehives, the bee colonies on our campus travel around 75 million kilometres and supply the bank with around 500 kg of organic honey per year, which makes an excellent gift to customers, partners, and employees.

As well as providing a space for twenty bee colonies to flourish, this initiative has also brought the community within

our bank closer together. Our employees have embraced this opportunity to further their **environmental education**. Currently, they are busy planning educational workshops with our beekeeper Marian Aschenbrenner, which will take place at **UniCredit Centre Am Kaiserwasser** in the Spring. Through these workshops, participants can fully immerse themselves in the world of bees – **learning about biodiversity and ecological interrelationships**, including bee work with all senses.

For **CEO Robert Zadrazil**, the settlement of the bees was a logical next step: "With this initiative, we are also strengthening the ecologically important 'bee fleet' here in Vienna, and bee workshops for school classes in our UniCredit Centre Am Kaiserwasser. All in all, a nice, consistent project that ideally complements our existing initiatives in the environmental, sustainability and education sectors!"

We are excited to continue our partnership with Bienenzentrum for the foreseeable future and to benefit from their expertise in the professional care of bees. With their help, we hope to further our education and **to achieve something more, together.**





 **COUNTRY**  
HUNGARY

 **OUR**  
**COMMUNITIES**

## MAGYARI NON-PROFIT KFT (VIOLA RETIREMENT HOME)

**SECTOR: HEALTHCARE**  
**ESG FOCUS**

Nyékkládháza's **Magyari Nonprofit Kft**, also referred to as **Viola Retirement Home**, is known in the region of Northern Hungary for its model of community-centric care and its high standard of **round-the-clock emotional and physical support**. From taking care of retrieving prescription medicines, to running an extensive recreational activities programme that aims to elicit a **sense of wellbeing and togetherness**, there is no stone left unturned when it comes to Viola's treatment of its guests. The design of the home is modern, with Viola's designers bringing to life a vision of comfort against a canvas of bright living spaces.

Not only is the home aesthetically pleasing but it is also highly functional. Accessibility features such as handrails, ramps, and lifts are to be found in both individual rooms and public areas, both of which have been built with a barrier-free approach. Ultimately, Viola prides itself on enhancing the lives of those in their elderly years who wish to maintain a sense of independence and community, whilst also requiring on-site care and support.

However, due to their stellar reputation, Viola faced a problem: **the demand for spaces outstripped available space**, which previously sat at just shy of a hundred permanent residents. With each passing day, the waitlist grew and grew. Knowing that they could do more in terms of service delivery and determined that no-one would be denied residency at their care home, Viola decided to seek help from **UniCredit Bank Hungary**.

**Social Impact Banking** is UniCredit's commitment to building a **fairer and more inclusive society** by identifying, financing, and promoting initiatives that will have a lasting **positive impact on society**.

Recognizing the exceptional standard of care that Viola delivers and their admirable mission to provide an idyllically harmonious home for their residents as they advance towards their sunset years, UniCredit was keen to support the institution's cause of serving more of the region's elderly community. The UniCredit team provided Viola with a long-term investment credit, which enabled them to finance the construction of a brand-new home called **Building C**. Their new building, which **opened in the first quarter of 2022, increased the home's capacity** by an additional 99 residents, whilst also meeting the **highest energy efficiency standards** for a project of its type and **creating 20 new jobs**.

UniCredit's support not only enabled Viola to accommodate more elderly guests, but it also meant that the care home was able to provide their residents who suffer from dementia with the physical and emotional assistance they require and deserve. Building C's provision of dementia care makes it a unique facility in the region and, importantly, it serves to ease the caregiving burden placed on local families, with **Vivien Magyari, Co-owner** commenting "What do we think is good about the cooperation between UniCredit Bank Hungary and us? As a well-known television personality once said: You can only do well if you're on good terms with the person you're doing it with. The great thing about our collaboration with the bank is that we are not only pursuing short-term goals, but we can also be partners in long-term thinking".





**COUNTRY**  
SLOVENIA



**OUR**  
**CLIENTS**

## ZVEZA PRIJATELJEV MLADINE (ZPM) LJUBLJANA MOSTE – POLJE

SECTOR: NON-PROFIT HUMANITARIAN ORGANIZATION  
ESG FOCUS

**UniCredit Bank Slovenia** has been affiliated with the charity organisation **ZPM Ljubljana Moste-Polje** since 2009.

The non-profit and humanitarian organisation is committed to **improving the quality of life** of young people and families by representing their interests, asserting their needs, and protecting their rights. ZPM is driven by the value of **social inclusion** to **improve the terms** on which individuals and groups take part in society. Propelling their aim forward is a team of forty specialists, including social workers and legal counsellors, as well as a devoted team of volunteers.

Traditionally, the organisation drew the bulk of its funding from the public and local businesses in order to **support families in paying for basic living expenses**.

However, as the pandemic took hold and the financial situation quickly worsened for many families in Slovenia, ZPM realised that they had to do more than just offer financial assistance.

While financial assistance can make an instant impact, ZPM knew that to facilitate lasting change they needed to adopt a **systematic approach** – and so the **“Chain of Good People”** project was born. The programme is grounded in the organisation’s long-term work with families and covers areas such as **psychosocial assistance, effective parenting, and housekeeping training**.

Recognising the astonishing work of the project and its extraordinary assistance programme for the alleviation of poverty, the UniCredit Foundation donated €10 thousand to the “Chain of Good People”. And the collaboration with UniCredit did not stop there.

In August 2021, more than one hundred of UniCredit’s employees helped with the renovation of the Scouts centre and its surroundings in Bohinj.

The centre will host 30 children from ZPM Ljubljana Moste – Polje for a week of relaxation. The children’s week of fun and tranquillity at the Scouts centre will provide them with a much-needed break from their everyday lives but they will also have the opportunity to acquire, with the help and guidance of professionals, social and other skills.

As the New Year approached, the support of UniCredit’s staff for the camp was highlighted by the combined donation of €15 thousand made by the Bank. ZPM and UniCredit’s synergistic partnership also extended to the inception of the Giftmatching programme, taking place during the last months of 2021. The amount donated by the employees – including from the UniCredit Foundation - will be around €3 thousand.

Emphasizing the magnitude of UniCredit’s support of their initiative, **Anita Ogulin, President of ZPM Ljubljana Moste – Polje**, commented: “Together with UniCredit, we have already helped many families from all over Slovenia on their way to equal opportunities. We are sincerely grateful for the bank’s contribution to our empowerment programs that restore strength, courage, and dignity to families so they may live independently. The support and involvement of various members of society will be of the utmost importance in the coming period”.





**COUNTRY**  
SLOVAKIA



**OUR**  
**CLIENTS**

## DM DROGERIE MARKT, S.R.O.

SECTOR: RETAIL PERSONAL CARE AND BEAUTY

Dm drogerie markt, s.r.o. is a **chain of retail stores that offer cosmetics**, healthcare items, household products and health food and drinks.

The company is part of the dm Group, headquartered in Germany and present across Europe with more than 3,862 points of sale, including in Germany, Austria, Bosnia and Herzegovina, Bulgaria, Italy, Croatia, Serbia and North Macedonia, Romania, Slovakia, Slovenia, the Czech Republic and Hungary. dm drogerie markt in Slovakia was looking for a new banking partner to support it with a full range of bank products and services.

UniCredit successfully pitched for this role with a tailored approach and clear objectives. It **supported dm drogerie markt with a total of €8.5 million in 2021** providing financial support for the company's multipurpose, overdraft and bank guarantee lines, credit cards, its leasing framework, SEPA direct limit and acquiring services.

This had a significant positive financial impact on dm drogerie markt, **allowing the company to cover turbulence in cash management** during seasonal peaks thanks to



the overdraft line, issue rental guarantees thanks to bank guarantees, lease passenger cars using a new and effective leasing framework, enhance its cash management thanks to the SEPA direct limit and smart safes solution, and customise its acquiring services in line with customer expectations of a smooth and efficient process. **Zuzana Klena Kostková, dm drogerie markt Procurist**, commented: "Thanks to this cooperation we have been proposed with professional, customised financial solutions, which have helped us in acquiring and cash management".



**COUNTRY**  
BOSNIA AND HERZEGOVINA



**OUR**  
**CLIENTS**

## HOTEL SUNCE D.O.O. NEUM

SECTOR: TOURISM

Hotel Sunce d.o.o. Neum is one of two largest hotels in Neum, the only coastal town in Bosnia and Herzegovina.

After an **extremely successful** tourist season in 2019, its best to date, the company decided to **invest in expanding its offer and redecorating its premises**.

To do this, it obtained two long-term loans in the total amount of €2.675 million from UniCredit in December 2019 to start works immediately and be ready for the 2020 tourist season. However, in 2020 when the Covid-19 pandemic hit, the tourism sector in Bosnia & Herzegovina as in many other countries was severely impacted by travel restrictions.

Given this situation, Hotel Sunce turned to UniCredit to discuss the best way forward. UniCredit reacted quickly to the company's financial needs, granting it an 18-month grace period on its loans to **help Hotel Sunce navigate the negative impact of Covid-19 on its business**.

In 2021, with Covid-19 restrictions easing and tourism returning to Neum, Hotel Sunce was able to obtain 80% of the revenues it had generated in 2019, at the peak of business, which meant the grace period on its loan repayments could be finished one month early.

Hotel Sunce is **now back to strong financial health** and already planning new investments to further enhance its offer to customers, in collaboration with UniCredit.



Meanwhile the two loans originally granted in 2019, have been used to **renovate 100 rooms**, common areas, the façade and outdoor pool of the hotel, making it more attractive and helping Hotel Sunce stand out amongst competition.

**Luka Prkačin, CEO of the Hotel Sunce Neum**, commented "Having a partner and support is key to business progress and success, especially in times of economic crisis. When deciding to undertake business ventures in order improve business during such a period, questions and worries arise how to get through it.

The support and understanding provided by UniCredit Bank were crucial. We thus overcame the negative effects caused by the pandemic and successfully welcomed the tourist season by improving our services".





**COUNTRY**  
BOSNIA AND HERZEGOVINA



**OUR**  
CLIENTS

## CENTAR FOR ELDERLY “SUNCE”

### SECTOR: CARE FOR THE ELDERLY

Centar for elderly “Sunce” is a **care centre for the elderly** in Bosnia and Herzegovina. During the pandemic, its care centre faced significant disruption as both, staff and customers were becoming infected with Covid-19.

The business continuity of the centre came under substantial risk due to decreased capacity and increased costs given the need for more medical staff and improved health services in response to the Covid-19 virus.

The UniCredit team worked with the centre in March 2021 to **help manage its financial obligations during the pandemic**. This meant reprogramming the company's outstanding loans by granting it a grace period of 12 months. In addition, UniCredit helped provide Centar for elderly “Sunce” with a Guarantee Fund credit line for working capital.

This allowed the business to overcome its financial difficulties and continue supporting the elderly throughout the pandemic and beyond. **Radomir Ćućula, Director and legal representative**, commented “Taking care of the elderly is a job that comes with great responsibilities.



The first wave of the pandemic had tremendous consequences on us, but thanks to UniCredit's support we managed to provide the same level of care to patients. Once again, you proved to be the right partner in the most difficult moments”.



**COUNTRY**  
BOSNIA AND HERZEGOVINA



**OUR**  
CLIENTS

## TAPETARIJA MATIĆ

### SECTOR: FURNITURE MANUFACTURING

Tapetarija Matić is a **furniture manufacturer** based in Bosnia and Herzegovina with a strong focus on the export market, which covers around 80% of its core business.

At the start of the Covid-19 pandemic, Tapetarija Matić had to stop manufacturing for two months resulting in significant **financial stress for the business**.

With continued uncertainty, the company looked for a banking partner to provide **financial support during this difficult time**. UniCredit first addressed this need in April 2020 by granting temporary financial relief on Tapetarija Matić's loan repayments.

After this, our bank also provided the company with a 36-month loan in June 2020 and further support for recovery and business growth through the Guarantee Fund across 2021.

This allowed Tapetarija Matić to make a **fast recovery in its sale volumes**, increase production and even employ additional workers. The company has also been able to follow its growth ambitions by investing in the procurement of new equipment to meet growing furniture demand.



**Dušan Matić, CEO and legal representative**, commented: “UniCredit supported us while we were striving to preserve the business we built over 20 years ago. Thanks to the help and advice received, I recognized a quality business partnership that I want to be loyal to. You are doing the right thing at the right time”.



An aerial photograph of a dense forest of evergreen trees covered in a thick layer of snow. A winding road or path cuts through the forest, also covered in snow. The overall scene is a winter landscape.

**Eastern  
Europe**





**COUNTRY**  
BULGARIA



**OUR**  
CLIENTS

## CUPFFEE

SECTOR: FOOD TECHNOLOGY  
ESG FOCUS

Over a decade ago, Bulgarian start-up **Cupffee** set about working to achieve its mission: to revolutionise the hot and cold beverage sector by **redefining sustainability**. CEO **Miroslav Zapryanov** and his Plovdiv-based team began creating edible, biodegradable 'cookie cups' that obliterate the need for plastic and single-use alternatives. From mixing ingredients, through to dough making, baking, and packaging, Zapryanov has striven for Cupffee's production process to be at the cutting edge of **automation** and **digitalisation**. Moreover, the use of wholly **natural ingredients** means that this process does not generate any excess industrial waste; just clean steam and the tasty aroma of freshly-baked cookies.

As a testament to the popularity of the product and the brand's **mantra of environmental responsibility and social consciousness**, participants in meetings involving the Bulgarian Parliamentary Committee on Environment and Water began drinking their coffee in Cupffee cookie cups last year, with the company also becoming part of the world's first long-haul flight without the use of disposable plastics on board.

It was clear to Zapryanov that Cupffee held vast potential. To fully realise it, he had to take the next step. Cupffee needed to increase **industrial production** whilst, at the same time, ensuring sufficient liquidity to cover the CEO's growing

**working capital** needs. Zapryanov and the team would need support if they were to make this transition and spark the revolution they desired.

Thankfully, **UniCredit Bulbank** saw its potential as well. The bank provided Cupffee with two targeted credit lines (Investment Line: purchase of a production line; Credit line: working capital needs; Size (total amount: €1.5 thousand) to both finance the purchase of a new production line and provide assistance in optimising the company's balance sheet during its crucial start-up phase.

Bulbank's help has been nothing short of revolutionary for Cupffee. In September this year, the startup opened the first **fully-automated** European production plant for edible, biodegradable cups, with a capacity of 2,500,000 cups a month. The factory occupies 3,600 sq m in Plovdiv's Trakia Economic Zone and currently employs more than thirty people. Despite this success, Zapryanov certainly isn't resting on his laurels. The company aims to **boost its monthly production capacity** by another 7,500,000 cups in the coming months. "Thanks to our strong and highly motivated team," he says, "and with gratitude to UniCredit Bulbank, we managed to find a solution that both improves the environment and protects our nature's wealth. The bank is our **ultimate financial partner** and we greatly rely on its expertise and support. Having a like-minded partner is critical in the realisation of further business".

## ALCOMET AD

### SECTOR: ALUMINIUM PRODUCTION

Alcomet AD is the largest Bulgarian **manufacturer of rolled and extruded aluminium products**. The company offers a broad range of aluminium semi-finished products from household to technical use with 95% of its total production exported, mainly to Europe and the US.

In 2020, Alcomet AD started looking for a **reliable and flexible solution for the insurance of the company's long-term assets**, which amount to over €200 million in total value and face a complex range of varying risks given the technology, state-of-the-art equipment and large-scale facilities involved in its core activities.

The UniCredit Bulbank team together with UniCredit Insurance Broker supported Alcomet AD throughout the search process, starting by providing a pool of the most relevant options and later **supporting the company with expertise in the selection phase** which was completed in 2021.

As a result, Alcomet AD was able to find a suitable insurance solution to cover all the wide ranging and complex risks



related to its production and payments as well as relations with partners, vendors and clients.

**Semih Baturay, Member of the Management Board, Financial Director**, commented "We are glad and could proudly state, that through all the years of our relationship with UniCredit, the bank has proven itself to be a reliable and trustworthy partner in all fields of finance. UniCredit always finds the suitable solution no matter how complex or tailor-made it might be".

## SOLMATE LTD

### SECTOR: FASHION

Solmate LTD is the fashion company behind By Far, a designer **accessories brand from Bulgaria** that reinvents timeless silhouettes.

It was collectively established in 2016 by sisters Valentina Ignatova, Sabina Gyosheva and Denitsa Bumbarova. Through their diverse interests, each founder brings a distinct voice and versatile skills to the label, cultivating design aesthetics tailored to adapt to the complexity of modern life.

In 2021, Solmate LTD needed working capital financing to support the growth of its business through the opening of physical stores in the US and China and the addition of new product categories in 2021/22.

The UniCredit Bulbank team provided Solmate LTD with a €4 million working capital revolving credit line in March 2021, **supporting the company's ambitions and growth plans**, which are now well underway.



**Strahil Pechilkov, Solmate LTD CFO**, commented "We are enthusiastic and proud to work with UniCredit Bulbank and confident that with the help of a reliable financial partner like them we can achieve our goal of triple digit growth in the next 3 years".





**COUNTRY**  
SERBIA



## PLANET BIKE

### SECTOR: OUTDOOR & SPORTING GOODS

The onset of the pandemic not only radically changed our working habits, but it transformed **the way we move around our towns and cities**.

More and more people are turning to cycling for its convenience and environmentally-friendly status, as one of the lowest carbon-per-kilometre modes of transport. In consequence, **market demand has increased exponentially**, challenging both manufacturers' supply chains and their production capacity. **Planet Bike**, a Serbian company specialising in the production and sale of bicycles and the distribution of other sports equipment across a vast wholesale network, found itself facing higher demand than ever.

During a particularly busy 2020, in which the businesses struggled to maintain pace with the heightened European demand, Planet Bike recognised that this was its **moment to expand**. Immediately it sought to increase its existing capacity by building a new factory and storage space.

It also planned to purchase new equipment in order to reach a production figure of **200,000 bicycles annually**. Notably, the new project would also enable Planet Bike to start **manufacturing e-bicycles**, latching onto a nascent market driven by broader societal sustainability trends. Support in this venture came via **UniCredit Bank Serbia**, who in November last year granted Planet Bike a long-term investment loan of €2.2 million from the KfW rural credit line program, as well as working capital to the tune of €1 million in the form of a revolving loan.

UniCredit's financing and a grant received from the Serbian government soon led to the planning of a new production facility in Krusevac, **where state-of-the-art robotic technology** will be used in the manufacture and installation of certain bicycle components. Undoubtedly, the crown jewel of the new site is the 4,150 sq m operations hall in which each part of the production process will be centralised, including a fully automatic line for the painting of frames, forks, and other key components.

Alongside the benefits associated with automating parts of the commercial process, UniCredit's help to finance the new factory will, most importantly, help to benefit the wider community. The factory will bolster local employment through the **creation of 70 new jobs**, with the company publicly stating its ambition to hire additional engineers in the near future.

**A modern company with truly modern aspirations**, Planet Bike is now on the precipice of becoming the dominant bicycle manufacturer in Serbia, as well as the first mover in the production of e-bicycles – a market that is expected to grow by 200% globally by 2030 – with **Managing Director, Lazar Čvoro**, commenting: "We have been producing bicycles for 27 years. Planet Bike has reached the limit of production. Now we are building a new bicycle factory - modern facilities and the most modern production equipment. The annual capacity will be 300,000 bicycles and electric bicycles, mostly for export to the EU. Unicredit Bank fully understood our ideas and potential, supporting us as a partner by optimally monitoring investments".



**COUNTRY**  
SERBIA



**OUR**  
**CLIENTS**

## ELICIO ALI VE

### SECTOR: ENERGY

Elicio Ali VE is a 100% subsidiary of Elicio NV, a **young and ambitious energy producer** with the goal to ensure a sustainable and better world for everyone.

The company started as a **pioneer in onshore and offshore wind energy** in Belgium and has grown to be an international player in the sector with a growing portfolio of wind farms in Belgium, France, Serbia, Spain and in Scottish waters.

In July 2021, Elicio Ali VE was looking for refinancing for its Alibunar 42MW wind farm, which supplies energy to nearly 30,000 households in Serbia.

UniCredit Bank Serbia worked with Elicio Ali VE to complete the required transaction as the leading structuring bank and sole lender in the €53 million refinancing.

The transaction represented an important milestone for the Serbian renewables market, demonstrating its strong fundamentals and bankability.

Furthermore, the **green energy that can be produced as a result is expected to reduce carbon-dioxide emissions** in Serbia by 94,455 tonnes per year.



**Alain Janssens, CEO of Elicio**, commented: "This refinancing represents an important milestone for the Serbian renewables market as it affirms the project and the bankable regulatory environment for renewable energy production in the country.

The transaction also confirms the funding available in the Serbian market to locally finance well-structured projects and to do so on longer tenors. We are grateful to UniCredit for supporting us in this journey".



**COUNTRY**  
ROMANIA



**OUR**  
**CLIENTS**

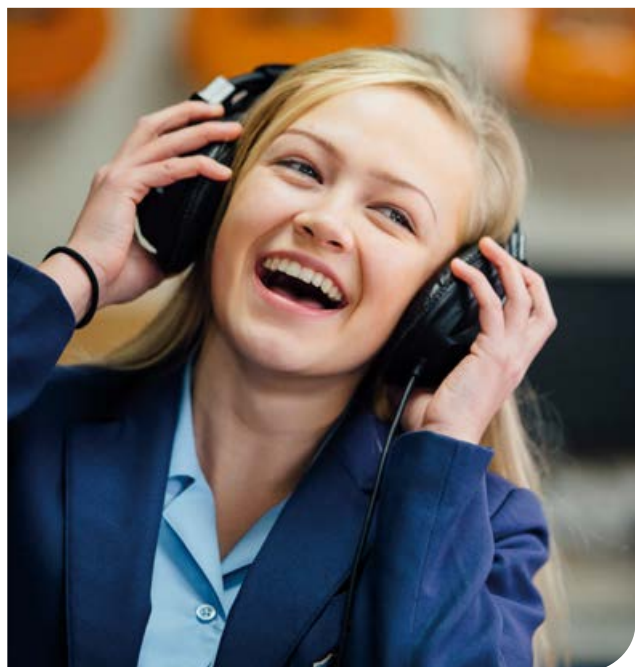
## LICEUL TEORETIC ATLAS (ATLAS THEORETICAL HIGH SCHOOL)

### SECTOR: EDUCATION ESG FOCUS

Liceul Teoretic Atlas is a **high school** in Romania that needed financing for a **new building**. The UniCredit team in Romania provided the school with an investment loan under special pricing conditions for this purpose, which was originally disbursed in October 2020 with a 10-year reimbursement period. 75% of the loan was used for the **acquisition of a new building**, completed in 2021 (RON2.8 million), and the financing structure also allowed the client to spend further own funds on building and schoolyard refurbishment.

Furthermore, thanks to the support to the school's cashflows from the loan, it was able to continue to sustain its spending in other key areas last year, including on providing **special educational activities for pupils with disabilities**.

The Founders of the school, **Anda Demeter and Irina Laura Răileanu**, commented "We are extremely pleased that by accessing this loan we could start our dream project: the



purchase and renovation of a building, the establishment of Atlas Primary and Secondary School and the provision of equal educational opportunities for children with disabilities. We thank UniCredit Bank for their amazing support".





**COUNTRY**  
ROMANIA



**OUR**  
**COMMUNITIES**

## WIND POWER ENERGY SRL

**SECTOR: RENEWABLE ENERGY**  
**ESG FOCUS**

Founded in 2007, Wind Power Energy SRL is a member of the Monsson Group and is **one of the leading players in the renewables sector in Romania and across Europe.**

The company offers an extensive range of products and services to facilitate the energy transition and has designed over 5,000 MW of wind energy projects over the last five years, including Europe's largest onshore wind farm.

Wind Power Energy is best known for its **team of experts who provide information services and professional consultancy** in addition to carrying out technical analysis, wind studies, infrastructure projects, and communications for the wind farms developed by the Monsson Group.

It also runs several vocational education and training programmes. In 2019, the company partnered with the Renewable Energy School of Skills (RESS) and the Romanian Wind Energy Association (RWEA) to **launch the project RenewAcad** – Academy for Counseling and Professional Training for Renewable Energy Sources.

This project was born out of two necessities: change, and increasing awareness that the energy transition assumes certain jobs will disappear over time.

To support this initiative, the UniCredit team in Romania, together with the European Social Fund's Human Operational Programme, provided the necessary financing for the Academy to start its activities. As a result, in **September 2021, one of the largest professional retraining programmes for miners and former miners was launched in the Jiu Valley**, specifically designated by the Romanian government for carbon transition. One of the Academy's goals is to provide all miners and former miners in the valley and

nearby areas with the required skills and training to become specialists in wind energy and electricity distribution. The loan from UniCredit Romania covers 90% of the total €954 thousand investment required for the project, and will be used for equipment, accommodation and other support activities needed to carry out the training programmes.

The overarching objective of the RenewAcad project is to provide employees and former employees from less developed areas in Romania, who may hold lower academic qualifications, with the opportunity to continue their learning through dedicated programmes.

With UniCredit's support, RenewAcad expects to be able to help more than 400 people find new employment and to provide training for more than 700 people. In addition, this initiative will allow Wind Power Energy and its partners to contribute to Romania's economic development by ensuring better employment opportunities.

Importantly, it will also make certain that the energy transition does not leave anyone in its wake.

**Business Development Manager, Sebastian Enache, commented** "We are proud to implement an innovative project for the first time in Europe. As Romania will have more than 10,000 MW newly installed by 2030, we want to build up the necessary infrastructure to support skilling and re-skilling activities, needed for this sector. We thank UniCredit for the trust and we hope to work together on further renewable projects in the future".



## RUSSIAN RAILWAYS

### SECTOR: TRANSPORT ESG FOCUS

Russian Railways is a **state-owned railway company** and the largest commercial employer in Russia with around 723,000 employees. It is also one of the top three railway companies worldwide.

The railway complex is of particular **strategic importance for Russia** to ensure the stable operation of its industrial enterprises and the timely supply of essential goods to the most remote corners of the country. It is also **the most affordable form of transport** for millions of Russian citizens.

In 2021, Russian Railways was looking for an international loan **linked to the company's environmental performance, in line with the targets of its Environmental Strategy**.

In July last year it became the first company in Russia's transport sector to secure such a loan with our bank's help. UniCredit provided Russian Railways with a Sustainability-linked CHF585 million (approximately €545 million) seven-year facility with interest tied to the **achievement of the company's annual sustainable development targets** according to Ecological Strategy until 2030.

The latter includes the reduction of emissions, of water consumption and the share of production waste for disposal.



The proceeds from the loan are directed towards the company's corporate purposes, including capital expenditure, **helping it progress its Environmental Strategy and support key environmental and social projects**.

Furthermore, the loan's interest rate can also be reduced if relevant goals are successfully met.

"The principle of balancing various goals - economic, environmental and social - is an important aspect of sustainable development in Russian Railways.

We are pleased that, with the help of UniCredit, we were able to link our economic and ESG goals, and thus create additional incentives for internal development towards sustainability targets and support the Russian Railways responsible borrower image" commented **Vadim Mikhaylov, First Deputy CEO of Russian Railways**.

## ZF KAMA

### SECTOR: AUTOMOTIVE

ZF Kama was established in Russia in 2005 as part of the **ZF global technology company that supplies systems for passenger cars**, commercial vehicles and industrial technology, enabling the **next generation of mobility**.

The company's aim in Russia is to develop local automotive production and modernise transmissions, both of which tend to be highly capital-intensive activities.

In 2020, ZF Kama approached Russia's Industrial Development Fund for special subsidised financing from the government.

UniCredit supported the company in this process by providing the necessary bank guarantee as collateral to secure the state financing, which was finalised in 2021.

This allowed ZF Kama to receive funding at favourable terms, which it used to **modernise its operations to master the production of automated TraXon transmissions, electric power steering and cab suspension for trucks**. ZF Kama has set itself many ambitious business targets from the start



and with the help of this funding and with UniCredit's financial expertise, all its goals are now within reach.

Furthermore, the modernisation of its production will help secure the company's top position in the local automotive sector while it continues to successfully develop its activities further. "We appreciate our current cooperation with UniCredit Bank and hope for the future fruitful cooperation". commented **Chief Financial Officer, Marat Gazizov**.



## CHARITY FOUNDATION FOR THE SUPPORT OF PEOPLE WITH SPECIAL NEEDS “I AM!”

SECTOR: CHARITY  
ESG FOCUS

The Charity Foundation for the Support of People with Special Needs “I am!” was established in 2012. The Foundation exists to provide support to children and adults with disabilities that will help them to live comfortable and fulfilling lives. “I am!” has undertaken projects of various sizes to support disabled children and their families in their everyday lives, helping young people with disabilities to develop their talents and enjoy a high quality of life.

In 2021, UniCredit Bank supported the project “**Music Laboratory for Special People**” at the training center “The Amazing Center” in Rostov-on-Don, with which the Foundation was involved. Volunteers from “I am!” came together with professional musicians and children with disabilities who participated in the project, providing music lessons to the children. The project provided the children with a variety of musical instruments to learn, as well as offering singing lessons.

The qualified teachers helped the children to not only develop their musical talents, but also to feel confident performing onstage in public. The project was so success-



ful that the children who played at the center formed their own rock band. To help them to continue to explore their creative expression and enjoy developing their talents, the grant provided by UniCredit Bank was used to purchase musical equipment for the children. The band have gone on to perform concerts at the “I am!” Foundation’s representative office in Rostov-on-Don and at creative festivals for children with disabilities.

## VSMPO-AVISMA CORPORATION

SECTOR: MANUFACTURING

VSMPO-AVISMA Corporation is the world’s largest **titanium producer** based in Russia with operations also in Great Britain, Switzerland, Germany, the US and China. It is the number one supplier for Airbus and number two for Boeing as well as having several other tier one aircraft suppliers and producers as key clients. In 2021, VSMPO-AVISMA was looking for a new cash management solution for its international trading subsidiaries.

The UniCredit team proposed a solution that allows the company to centralise its international cash flows within UniCredit Group whilst also offering a **user-friendly and sophisticated e-Banking tool to operate the accounts**.

In this way, VSMPO-AVISMA now has a one-stop-shop for all its international cash management needs accompanied by UniCredit’s e-Banking Global tool to make the process safe, simple and efficient.



**Dmitry V. Osipov, CEO of VSMPO-AVISMA Corporation** commented “UniCredit has been a key partner of VSMPO-AVISMA for many years servicing our needs in Russia. Last year was remarkable as our partnership turned into a truly global cooperation”.



**COUNTRY**  
CROATIA



**OUR**  
**PEOPLE**

## DUNJA PRGOMET

**ROLE: CORPORATE COMMUNICATION SPECIALIST**  
**ESG STORY**

As a child, I was fortunate enough to be able to participate in several different **humanitarian initiatives**. During my time working with these charitable organizations, I witnessed the tangible positive impacts of their work on the lives of others. When I joined Zagrebačka banka, I was pleased to learn about their Gift Matching Program as it provided me with the perfect opportunity to continue my passion for philanthropic work.

Apart from raising money to support causes financially, as an ambassador of UniCredit's Gift Matching Program we are provided with the chance to meet people within the organization that we are working with.

To hear their stories and to receive another perspective on life is incredibly inspiring. Furthermore, UniCredit's GMP has provided me with the rewarding sense that I am helping to shape people's lives for the better.

Through the GMP I have supported the **Association of people with disabilities**, in my hometown of Rovinj. Later, I had the chance to meet some amazing people from the Association Firefly (Krijesnica), which helps children and families facing malignant diseases. In partnership with a colleague, I decided to **become their ambassador in Zaba**.

My work as an ambassador for the Association Firefly began with collecting donations for patients' everyday activities and accommodation for out-of-town families who want to be near their loved ones as they undergo treatment. As well as

this, we also raised funds for, amongst other things, hospital parking. This is something a lot of people take for granted, but often the smallest things can make a huge difference in such situations. Over time, we began to **focus on specific projects like rehabilitation camps for children** who have won the fight against these diseases.

Above all else, I'm incredibly "proud to be an ambassador of the Bank, for eight years now, and to be given the opportunity to share in this experience with like-minded colleagues".







**COUNTRY**  
CROATIA



**OUR**  
**CLIENTS**

## RANČ RAMARIN D.O.O

### SECTOR: TOURISM

In the heart of Croatia's Brod-Posavina County, sandwiched between the Sava River and the slopes of Dilj, lies Ranč Ramarin. **Ranč Ramarin** is a working ranch which has evolved into a thriving countryside idyll. Founded in 2008 as a paddock for the breeding of horses, Ranč Ramarin has since transformed into a **popular tourist destination**, perfect for those seeking an **active vacation** in an oasis of peace. The site boasts accommodation for upwards of sixty people, including eleven luxury bungalows, as well as an expansive campsite with tent rental facilities.

Guests can spend their days enjoying a spot of recreational carp fishing, horse riding lessons, or exploring the numerous local hiking trails in nature's warm glow. For the slightly more adventurous, Ranč Ramarin recently opened a runway for recreational flying. As the night rolls in, the ranch's gastronomic prowess comes to the fore. This manifests through regular banquets and wine-tasting evenings, hosted in its seventy-person onsite restaurant. Ranč Ramarin prides itself on **sourcing all its ingredients from nearby family farms** in order to offer guests an even more **authentic experience**.

The dual combination of local lockdowns and closed borders saw the tourism and leisure industries bear the immediate economic brunt of the pandemic. With their 2020 revenues sharply declining, Ranč Ramarin needed a bank that could help them survive the damaging economic effects of Covid-19. This is where **UniCredit Zagrebacka Banka lent a hand**.

UniCredit's Zagrebacka Banka's **#FirstTime** project is a competition aimed at Croatian micro- and small businesses operating in the tourism sector.

The winners are granted the necessary funds to conceive a **targeted marketing campaign** that will be aired on national television. The latest iteration of the competition saw an initial deluge of over three hundred applications, including renowned family hotels, resorts, and restaurants, shortlisted to fifteen unique locations and experiences. Fifteen quickly became two as the judges then picked their standout entries, with Ranč Ramarin finally receiving €375 thousand to finance the production, associated media costs, and marketing collateral attached to its proposed campaign.

As the new adverts aired in Spring, increased visibility led to increased revenues and a gradual recovery in booking volumes, with **CEO Anja Galović** commenting "The #firsttime campaign has brought us recognition in all segments of our business and customer relations and we are happy that we have positioned ourselves on the rural recognition map throughout our beautiful country. We will continue to be guided by our vision to become a leading rural economy with a wealth of content in the region and beyond, and the UniCredit Zaba campaign has certainly made a great contribution and has been the wind behind our vision".





**COUNTRY**  
CROATIA



## NIKOLINA ZEČIĆ

**ROLE: HEAD OF CUSTOMER EXPERIENCE MANAGEMENT,  
MARKETING AND IDENTITY & COMMUNICATION  
ESG STORY**

Over the last two years, the entire world has been shaken by the crippling effects of an unprecedented global pandemic. To further this blow, our home country of Croatia was struck by a **magnitude 6.2 earthquake** which devastated the central region of Banija. The calamitous earthquake wreaked ruinous material damage in Petrinja, Sisak, Glin, and the surrounding areas, **leaving many of the population homeless and in desperate need of immediate support.**

Bearing witness to the cataclysmic earthquake and the crushing effects it had on our communities, the UniCredit team at Zagrebacka Banka knew that that it needed to act, and it needed to act fast. With great urgency, we worked within the Bank to be one of the first companies to provide a **substantial donation to the Croatian Red Cross.**

However, we knew that there was so much more we could do to help. This is because UniCredit's notion of care for our clients, communities, and colleagues transcends the work that we do professionally.

Our understanding of care, which is not limited by the confines of our workplace, drives us to always pursue a more active in role society and to always strive to do more to support and **help our communities.**

With that, we knew that we could turn to the UniCredit Foundation to bolster our donations to help our people.

Instantaneously, the UniCredit Foundation responded to our request for help by launching a fundraising initiative to support those impacted by the natural disaster.

The fundraiser raised €100 thousand. The hundreds of thousands of donations which "flowed in from our UniCredit colleagues across several countries enabled the team at Zagrebacka to provide food and shelter to people whose lives had been devastated by the earthquake".

The philanthropic donations from our colleagues emphasises how caring for our communities, coming together to achieve one common goal is what UniCredit does best.

This is because at UniCredit all that we are and all that we do is predicated on serving and supporting our people.



PROMOTIONAL MESSAGE

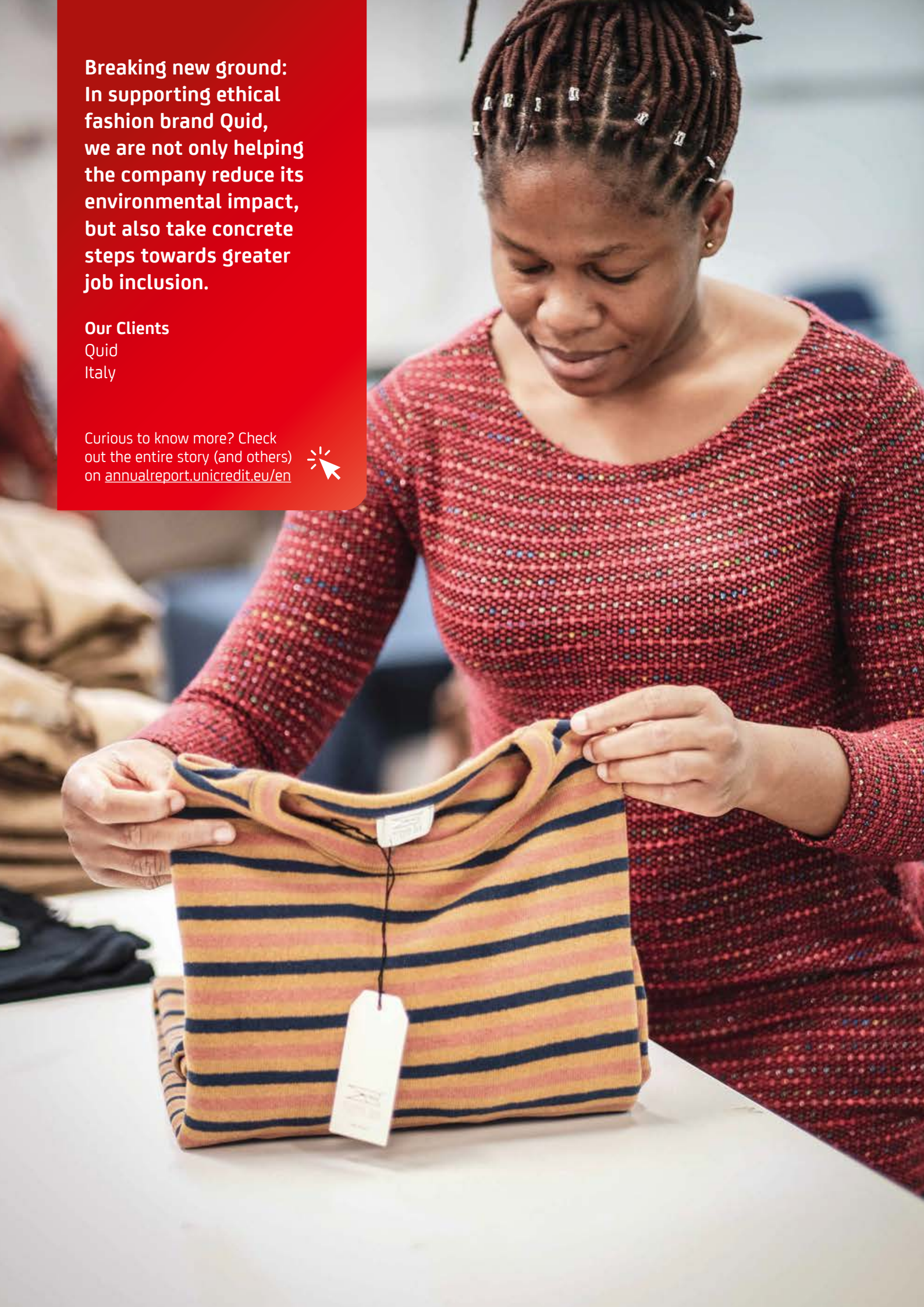


**Breaking new ground:**  
In supporting ethical  
fashion brand Quid,  
we are not only helping  
the company reduce its  
environmental impact,  
but also take concrete  
steps towards greater  
job inclusion.

#### **Our Clients**

Quid  
Italy

Curious to know more? Check  
out the entire story (and others)  
on [annualreport.unicredit.eu/en](https://annualreport.unicredit.eu/en)





Lending a voice to the voiceless: We believe in equal opportunities, UniCredit Bank Slovenia's long-standing collaboration with charity ZPM Ljubljana Moste-Polje has led to improved outcomes for children for well over a decade.

#### Our Clients

Zveza Prijateljev Mladine (ZPM)  
Ljubljana Mo'ste – Polje  
Slovenia

Curious to know more? Check out the entire story (and others) on [annualreport.unicredit.eu/en](https://annualreport.unicredit.eu/en)





# Preliminary notes

UniCredit prepares a single document called “Annual report and accounts” replacing the two documents relating to the UniCredit group consolidated financial statements and the UniCredit S.p.A. company financial statements.

The integration of the contents of the two financial statements documents into a single one leads to the elimination of duplications of the qualitative information presented in both files and, in order to facilitate the reading, the adoption of a system of cross-references between the chapters dedicated to the consolidated financial statements and the company ones; pursuant to these references the contents of the each referenced paragraph is entirely reported in the paragraph containing the reference.

The chapter “Incorporations of qualitative information by reference” reports the list of the references.

## General aspects

The UniCredit group's Consolidated financial statements and UniCredit S.p.A. financial statements as at 31 December 2021 were drafted in accordance with the IAS/IFRS international accounting standards, in compliance with the instructions of Banca d'Italia with the Circular No.262 of 22 December 2005 (and subsequent amendments). These instructions define binding requirements for the related fulfilling methods as well as regarding the minimal contents of the Notes to the accounts.

The Consolidated financial statements is made up of the Balance sheet, the Income statement, the Statement of Other comprehensive income, the Statement of changes in Shareholders' Equity, the Cash flow statement, the Notes to the accounts, as well as the Report on operations, the economic results achieved, the Group's financial situation and Annexes.

A section dedicated to Corporate Governance is also included within the document.

The Consolidated financial statements include:

- the Consolidated financial statements certification pursuant to Art.81-ter of Consob Regulation No.11971/99 as amended;
- the Independent Auditor's Report pursuant to Art.14 of Legislative Decree No.39 of 27 January 2010 and Art.10 of the EU Regulation No.537/2014.

UniCredit S.p.A. financial statements is made up of the Balance sheet, the Income statement, the Statement of other comprehensive income, the Statement of changes in Shareholder's Equity, the Cash flow statement, the Notes to the accounts as well as the Report on operation, the economic results achieved, the Bank's financial situation and Annexes.

UniCredit S.p.A. financial statements include:

- the Annual financial statements certification pursuant to Art.81-ter of Consob Regulation No.11971/99, as amended;
- the Report of the Board of Statutory Auditors pursuant to Art.153 of Legislative Decree No.58/1998;
- the Independent Auditor's Report pursuant to Art.14 of Legislative Decree No.39 of 27 January 2010 and Art.10 of the EU Regulation No.537/2014.

UniCredit's group website also contains the press releases concerning the main events of the period, the market presentation of Group results and the UniCredit group Disclosure (Pillar III), this latter is subject of joint publication with this document.

For the declaration of a non-financial nature, refer to the Integrated Report published on the company website.





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## 2021

Consolidated Report and Accounts  
of UniCredit Group





# Consolidated report and accounts 2021 of UniCredit Group

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**The road back: after a difficult year for leisure and tourism, UniCredit Zagrebacka's #FirstTime project put Ranč Ramarin back in the public eye where it belongs.**

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Ranč Ramarin d.o.o  
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Curious to know more? Check out the entire story (and others!) on [annualreport.unicredit.eu/en](https://annualreport.unicredit.eu/en)





# Introduction and Group highlights

## Introduction to the Consolidated report on operations of UniCredit group

The Consolidated report on operations illustrates the performance of UniCredit group and the related amounts and results. It includes financial information such as Group highlights, Reclassified consolidated accounts and their Quarterly figures, Summary results by business segment, Group and UniCredit share historical data series as well as a comment on "Group results".

To further illustrate the results of the period, the Consolidated report on operations includes Reclassified consolidated accounts prepared using the same criteria of previous quarterly reports.

In order to provide further evidences about the performance achieved by the Group, the Consolidated report on operations is also supported by some alternative performance indicators ("API") such as: Cost/Income ratio, Economic Value Added (EVA), Return On Tangible Equity (RoTE), Net bad loans to customers/Loans to customers, Net non-performing loans to customers/Loans to customers, Absorbed capital, Return On Allocated Capital (ROAC), Return On Assets (ROA), Cost of risk.

Although some of this information, including certain APIs, is neither extracted nor directly reconciled with the Consolidated financial statements, it is worth mentioning that the Consolidated report on operations, the Annexes and the Glossary provide explanatory descriptions of the contents and, in case, the calculation methods used, in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015.

In particular the Annex 1 includes the reconciliation between the reclassified accounts and the mandatory reporting schedule, as required by Consob Notice No.6064293 of 28 July 2006.

The amounts related to year 2020 Reclassified consolidated income statement differ from the ones published at that time. For further details about the reasons of these restatement, refer to following paragraphs relating to the "Reconciliation principles followed for the reclassified consolidated income statement".

For information on relations and transactions with related-party, it shall be referred to the Notes to the consolidated accounts - Part H - Related-party transactions.

For a complete description of risks and uncertainties that the Group has to face in the current market situation, it shall be referred to the specific paragraph of this Consolidated report on operations and to the Notes to the consolidated accounts - Part E - Information on risks and hedging policies.

## Group highlights, alternative performance indicators and other measures

### Income statement

(€ million)			
	YEAR		% CHANGE
	2021	2020	
Operating income	17,954	17,132	+ 4.8%
<i>of which:</i>			
- <i>net interest</i>	9,060	9,441	- 4.0%
- <i>dividends and other income from equity investments</i>	520	415	+ 25.2%
- <i>net fees and commissions</i>	6,692	5,968	+ 12.1%
Operating costs	(9,797)	(9,797)	- 0.0%
Operating profit (loss)	8,158	7,335	+ 11.2%
Net write-downs on loans and provisions for guarantees and commitments	(1,634)	(4,996)	- 67.3%
Net operating profit (loss)	6,524	2,339	n.m.
Profit (Loss) before tax	1,236	(1,546)	n.m.
Group net profit (loss)	1,540	(2,785)	n.m.

The figures in this table refer to the reclassified income statement. The amounts related to year 2020 differ from the ones published at that time. For further details refer to "Reconciliation principles followed for the reclassified consolidated income statement". The Annex 1 includes the reconciliation between the reclassified accounts and the mandatory reporting schedule.

# Introduction and Group highlights

## Balance sheet

(€ million)

	AMOUNTS AS AT		% CHANGE
	12.31.2021	12.31.2020	
Total assets	916,671	931,456	- 1.6%
Financial assets held for trading	80,109	72,705	+ 10.2%
Loans and receivables with customers	437,544	450,550	- 2.9%
Financial liabilities held for trading	51,608	47,787	+ 8.0%
Deposits from customers and debt securities issue	596,402	600,964	- 0.8%
of which:			
- deposits from customers	500,504	498,440	+ 0.4%
- debt securities issue	95,898	102,524	- 6.5%
Group shareholders' equity	61,628	59,507	+ 3.6%

The figures in the table above refer to the reclassified balance sheet.

For further details refer to "Reconciliation principles followed for the reclassified consolidated balance sheet". In Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Profitability ratios

	YEAR		CHANGE
	2021	2020	
EPS <sup>(*)</sup> (€)	0.680	(1.306)	1.986
Cost/Income ratio <sup>(**)</sup>	54.6%	57.2%	- 2.6%
EVA <sup>(***)</sup> (€ million)	212	(3,347)	+ 3,559
RoTE <sup>(****)</sup>	2.9%	-5.4%	+ 8.4%
ROA <sup>(*****)</sup>	0.2%	-0.3%	+ 0.5%

### Notes:

(\*) Earnings per share. For further details refer to Part C - Section 25.

(\*\*) Ratio between operating expenses and operating income.

(\*\*\*) Economic value added equal to the difference between Net operating profit after tax (NOPAT) and the Cost of the absorbed capital.

(\*\*\*\*) Annualised ratio between the net profit and the average tangible equity.

(\*\*\*\*\*): Return on assets calculated as the ratio between Net profit (loss) attributable to the Group and Total assets pursuant to Art. 90 of CRD IV.

## Risk ratios

	AS AT		% CHANGE
	12.31.2021	12.31.2020	
Net bad loans to customers/Loans to customers	0.3%	0.4%	- 0.1%
Net non-performing loans to customers/Loans to customers	1.7%	1.9%	- 0.2%

For the amounts, refer to the table "Loans to customers - Asset quality" in the paragraph "Net write-downs on loans and provisions for guarantees and commitments" of this Consolidated report on operations of the UniCredit group.

## Staff and Branches

	AS AT		CHANGE
	12.31.2021	12.31.2020	
Employees <sup>(1)</sup>	78,571	82,107	-3,536
Branches <sup>(2)</sup>	3,290	3,490	-200
of which:			
- Italy	2,059	2,229	-170
- Other countries	1,231	1,261	-30

### Notes:

(1) "Full time equivalent" data (FTE): number of employees counted for the rate of presence.

(2) Retail branches only.



# Introduction and Group highlights

## Transitional capital ratios

	AS AT		CHANGE
	12.31.2021 <sup>(*)</sup>	12.31.2020 <sup>(*)</sup>	
Total own funds (€ million)	64,850	67,464	- 2,614
Total risk-weighted assets (€ million)	321,992	325,665	- 3,672
<b>Common Equity Tier 1 Capital Ratio</b>	<b>15.82%</b>	<b>15.96%</b>	<b>- 0.1%</b>
<b>Total Capital Ratio</b>	<b>20.14%</b>	<b>20.72%</b>	<b>- 0.6%</b>

### Notes:

(\*) Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.

Furthermore, starting from 30 June 2020, UniCredit group has decided to apply the IFRS9 transitional approach as reported in article 473a of the Regulation (UE) No.873/2020 that amends the Regulation (EU) No.575/2013 and Regulation (EU) No.876/2019. Therefore, the values here reported reflect the impact of the transitional arrangements provisioned in such Regulation.

For further details refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

## Ratings

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Fitch Ratings	F2	BBB	stable	bbb
Moody's Investors Service	P-2	Baa1	stable	baa3
Standard & Poor's	A-2	BBB	positive	bbb

Ratings updated as at 14 February 2022.

# Reclassified consolidated accounts

## Changes occurred in the scope of consolidation

During 2021, with reference to the consolidation perimeter, the following changes were recorded:

- the number of fully consolidated companies, including those ones classified as non-current assets and asset disposal groups based on the accounting principle IFRS5, decreases for 59 (8 in and 67 out) changing from 466, at the end of 2020, to 407 as at 31 December 2021;
- the number of companies consolidated by using the equity method, including those ones classified as non-current assets and asset disposal groups, present a decrease of 2 (2 out) changing from 31, at the end of 2020, to 29 as at 31 December 2021.

For additional information, reference is made in Notes to the consolidated accounts, Part A - Accounting Policies, A.1 - General, Section 3 - Consolidation scope and methods and in Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70.

## Non-current assets and disposal groups classified as held for sale

As at 31 December 2021, the main assets which, based on the application of IFRS5 accounting principle, were reclassified as non-current assets and asset disposal groups, are the following:

- regarding the individual asset and liability held for sale and associated liabilities which do not satisfy IFRS5 requirements for the classification as discontinued operations:
  - the companies of the WealthCap Group, the leasing controlled companies UniCredit Leasing S.p.A. and its controlled company, UniCredit Leasing GMBH and its controlled companies, UniCredit Leasing, Leasing, D.O.O., the controlled companies UCTAM Svk S.R.O. and Borgo Di Perolla S.r.l. and the associated company Risanamento S.p.A.;
  - the loans included in some sale's initiatives of portfolios;
  - the real estate properties held by certain companies in the Group;
- regarding the data relating to the discontinued operations, the controlled company OT-Optima Telekom (Croatia).

For additional information, reference is made in Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 12 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities).

## Reconciliation principles followed for the reclassified consolidated balance sheet

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Loans to banks" of item "Financial assets at amortised cost: a) loans and advances to banks", net of debt securities reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the inclusion in "Loans to customers" of item "Financial assets at amortised cost: b) Loans and advances to customers", net of debt securities and of IFRS16 leasing assets reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the aggregation as "Other financial assets" of items (i) "Financial assets at fair value through profit or loss: b) financial assets designated at fair value and c) other financial assets mandatorily at fair value", net of loans reclassified in "Loans to banks and to customers", of (ii) "Financial assets at fair value through other comprehensive income", of (iii) "Equity investments", besides reclassifications of (iv) debt securities from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers" and of (v) IFRS16 leasing assets from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers";
- the inclusion in "Other financial liabilities" of leasing liabilities pursuant to accounting standard IFRS16 relating to item "Financial liabilities at amortised cost: a) deposits from banks and b) deposits from customers";
- grouping under "Hedging instruments", both assets and liabilities, of items "Hedging derivatives" and "Changes in fair value of portfolio hedged items" in the assets and "Value adjustment of hedged financial liabilities" in the liabilities;
- the inclusion of items "Provision for employee severance pay" and "Provisions for risks and charges" under "Other liabilities".

The figures of the Reclassified consolidated balance sheet relating to 2020 and the first three quarters of 2021 have been restated in order to reflect the amendments contained in the 7<sup>th</sup> update of Banca d'Italia Circular 262 dated 22 December 2005 (dated 29 October 2021) through the reclassification of current accounts and demand deposits with Banks and with Central Banks (with the exclusion of the mandatory reserve) from item "Loans to banks" to item "Cash and cash balances".



# Reclassified consolidated accounts

## Reclassified consolidated balance sheet

(€ million)

ASSETS	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Cash and cash balances	107,407	117,003	- 9,596	- 8.2%
Financial assets held for trading	80,109	72,705	+ 7,404	+ 10.2%
Loans to banks	82,938	96,519	- 13,581	- 14.1%
Loans to customers	437,544	450,550	- 13,005	- 2.9%
Other financial assets	157,902	153,349	+ 4,554	+ 3.0%
Hedging instruments	4,576	7,687	- 3,111	- 40.5%
Property, plant and equipment	8,911	9,939	- 1,029	- 10.3%
Goodwill	-	-	-	-
Other intangible assets	2,213	2,117	+ 96	+ 4.5%
Tax assets	13,551	13,097	+ 454	+ 3.5%
Non-current assets and disposal groups classified as held for sale	14,287	2,017	+ 12,269	n.m.
Other assets	7,234	6,473	+ 761	+ 11.8%
<b>Total assets</b>	<b>916,671</b>	<b>931,456</b>	<b>- 14,785</b>	<b>- 1.6%</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Deposits from banks	162,561	172,465	- 9,904	- 5.7%
Deposits from customers	500,504	498,440	+ 2,064	+ 0.4%
Debt securities issued	95,898	102,524	- 6,626	- 6.5%
Financial liabilities held for trading	51,608	47,787	+ 3,821	+ 8.0%
Other financial liabilities	11,616	12,887	- 1,270	- 9.9%
Hedging instruments	5,265	11,764	- 6,499	- 55.2%
Tax liabilities	1,216	1,358	- 142	- 10.4%
Liabilities included in disposal groups classified as held for sale	2,149	761	+ 1,388	n.m.
Other liabilities	23,760	23,529	+ 230	+ 1.0%
Minorities	465	435	+ 30	+ 7.0%
Group shareholders' equity	61,628	59,507	+ 2,121	+ 3.6%
of which:				
- capital and reserves	60,089	62,292	- 2,204	- 3.5%
- net profit (loss)	1,540	(2,785)	+ 4,325	n.m.
<b>Total liabilities and shareholders' equity</b>	<b>916,671</b>	<b>931,456</b>	<b>- 14,785</b>	<b>- 1.6%</b>

# Reclassified consolidated accounts

## Reclassified consolidated balance sheet - Quarterly figures

(€ million)

ASSETS	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2021	09.30.2021	06.30.2021	03.31.2021	12.31.2020	09.30.2020	06.30.2020	03.31.2020
Cash and cash balances	107,407	135,412	136,036	123,899	117,003	52,814	32,997	35,338
Financial assets held for trading	80,109	80,545	78,991	73,925	72,705	73,165	67,236	69,756
Loans to banks	82,938	98,379	100,219	100,733	96,519	114,226	110,886	79,914
Loans to customers	437,544	439,811	438,401	446,691	450,550	466,776	479,253	489,973
Other financial assets	157,902	157,104	158,590	158,337	153,349	153,407	155,884	151,907
Hedging instruments	4,576	5,553	5,907	6,607	7,687	8,241	11,445	11,051
Property, plant and equipment	8,911	9,582	9,674	9,817	9,939	10,148	10,242	10,519
Goodwill	-	-	-	-	-	878	878	886
Other intangible assets	2,213	2,205	2,170	2,116	2,117	1,994	1,957	1,865
Tax assets	13,551	12,402	12,484	12,831	13,097	13,024	12,978	12,955
Non-current assets and disposal groups classified as held for sale	14,287	832	749	1,003	2,017	2,104	1,984	2,045
Other assets	7,234	6,760	6,824	6,206	6,473	6,575	6,994	6,542
<b>Total assets</b>	<b>916,671</b>	<b>948,584</b>	<b>950,046</b>	<b>942,165</b>	<b>931,456</b>	<b>903,353</b>	<b>892,735</b>	<b>872,753</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2021	09.30.2021	06.30.2021	03.31.2021	12.31.2020	09.30.2020	06.30.2020	03.31.2020
Deposits from banks	162,561	181,186	186,742	189,419	172,465	163,775	164,843	161,497
Deposits from customers	500,504	509,794	505,716	497,394	498,440	474,790	468,315	454,956
Debt securities issued	95,898	98,518	95,973	98,876	102,524	101,588	95,902	95,197
Financial liabilities held for trading	51,608	49,863	49,798	46,428	47,787	47,812	45,551	46,785
Other financial liabilities	11,616	11,802	12,013	12,326	12,887	12,963	12,656	11,094
Hedging instruments	5,265	7,045	8,041	9,056	11,764	12,551	15,029	14,236
Tax liabilities	1,216	1,243	1,151	1,113	1,358	1,469	1,454	1,509
Liabilities included in disposal groups classified as held for sale	2,149	576	565	651	761	593	615	559
Other liabilities	23,760	25,907	28,245	25,803	23,529	26,722	27,186	25,669
Minorities	465	463	447	440	435	443	437	430
Group shareholders' equity	61,628	62,186	61,356	60,660	59,507	60,645	60,748	60,820
of which:								
- capital and reserves	60,089	59,207	59,435	59,772	62,292	62,252	63,034	63,526
- net profit (loss)	1,540	2,979	1,921	887	(2,785)	(1,606)	(2,286)	(2,706)
<b>Total liabilities and shareholders' equity</b>	<b>916,671</b>	<b>948,584</b>	<b>950,046</b>	<b>942,165</b>	<b>931,456</b>	<b>903,353</b>	<b>892,735</b>	<b>872,753</b>

# Reclassified consolidated accounts

## Reconciliation principles followed for the reclassified consolidated income statement

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Dividends and other income from equity investments" of "Profit (Loss) of equity investments valued at equity" and the exclusion of (i) "Dividends from held for trading equity instruments" and (ii) "Dividends on equity investments, shares and equity instruments mandatorily at fair value" which are included in "Net trading income";
- the inclusion in the "Net other expenses/income" of "Other operating expenses/income", excluding "Recovery of expenses" which is classified under its own item, the exclusion of the costs for "Net value adjustments/write-backs on leasehold improvements" classified among "Other administrative expenses" and inclusion of result of industrial companies;
- presentation of "Net other expenses/income", "Payroll costs", "Other administrative expenses", "Amortisation, depreciation and impairment losses on intangible and tangible assets" and "Other charges and provisions" net of any "Integration costs" relating to the reorganisation operations, classified as a separate item;
- the exclusion from the "Other administrative expenses" of the Contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS), the Bank Levy and the Guarantee fees for DTA reclassified in item "Other charges and provisions";
- the exclusion from "Amortisation, depreciation and impairment losses on intangible and tangible assets" of impairment/writebacks related to (i) inventories assets (IAS2) obtained from recovery procedures of NPE (ii) rights of use of land and buildings used in the business (classified in item "Net income from investments") and (iii) tangible in operating lease assets (classified in item "Net other expenses/income");
- in "Net write-downs on loans and provisions for guarantees and commitments", the inclusion of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income net of debt securities, the gains (losses) on disposal and repurchase of nonperforming financial assets at amortised cost net of debt securities and of the "Net provisions for risks and charges" related to commitments and financial guarantees given;
- the inclusion in "Net income from investments" of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income - debt securities, gains (losses) on tangible and intangible assets measured at fair value as well as gains (losses) of equity investments and on disposal on investments, including impacts from revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method not presented to item "Profit (Loss) from non-current assets held for sale after tax";
- the inclusion among "Net trading income" (i) of the net gains (losses) on trading, (ii) of the net gains (losses) on hedge accounting, (iii) of the net gains/losses on other financial assets/liabilities at fair value through profit or loss, (iv) of the gains/losses on disposal or repurchase of financial assets at fair value through other comprehensive income and (v) of the interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions.

Figures of Reclassified consolidated income statement have been restated, starting from June 2021 and with reference to 2020 quarters and first quarter 2021, for the external service costs related to credit cards in Austria that have been reclassified from item "Other administrative expenses" to item "Net fees and commissions".



# Reclassified consolidated accounts

## Reclassified consolidated income statement

(€ million)

	YEAR		CHANGE		
	2021	2020	P&L	%	% AT CONSTANT FX <sup>(*)</sup> RATES
Net interest	9,060	9,441	- 381	- 4.0%	- 3.8%
Dividends and other income from equity investments	520	415	+ 105	+ 25.2%	+ 25.2%
Net fees and commissions	6,692	5,968	+ 724	+ 12.1%	+ 12.1%
Net trading income	1,638	1,412	+ 226	+ 16.0%	+ 15.4%
Net other expenses/income	45	(104)	+ 149	n.m.	n.m.
<b>OPERATING INCOME</b>	<b>17,954</b>	<b>17,132</b>	<b>+ 822</b>	<b>+ 4.8%</b>	<b>+ 4.8%</b>
Payroll costs	(6,022)	(5,968)	- 54	+ 0.9%	+ 1.0%
Other administrative expenses	(3,190)	(3,215)	+ 26	- 0.8%	- 0.7%
Recovery of expenses	548	523	+ 25	+ 4.7%	+ 4.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(1,133)	(1,137)	+ 5	- 0.4%	- 0.2%
<b>Operating costs</b>	<b>(9,797)</b>	<b>(9,797)</b>	<b>+ 1</b>	<b>- 0.0%</b>	<b>+ 0.1%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>8,158</b>	<b>7,335</b>	<b>+ 823</b>	<b>+ 11.2%</b>	<b>+ 11.1%</b>
Net write-downs on loans and provisions for guarantees and commitments	(1,634)	(4,996)	+ 3,362	- 67.3%	- 67.3%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>6,524</b>	<b>2,339</b>	<b>+ 4,185</b>	<b>n.m.</b>	<b>n.m.</b>
Other charges and provisions	(1,386)	(1,055)	- 331	+ 31.4%	+ 31.3%
<i>of which: systemic charges</i>	<i>(1,037)</i>	<i>(958)</i>	- 79	+ 8.3%	+ 8.3%
Integration costs	(1,337)	(1,464)	+ 127	- 8.7%	- 8.8%
Net income from investments	(2,565)	(1,365)	- 1,200	+ 87.9%	+ 87.9%
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>1,236</b>	<b>(1,546)</b>	<b>+ 2,782</b>	<b>n.m.</b>	<b>n.m.</b>
Income tax for the period	330	(344)	+ 675	n.m.	n.m.
<b>NET PROFIT (LOSS)</b>	<b>1,566</b>	<b>(1,890)</b>	<b>+ 3,456</b>	<b>n.m.</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	4	49	- 45	- 92.2%	- 92.1%
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>1,570</b>	<b>(1,842)</b>	<b>+ 3,411</b>	<b>n.m.</b>	<b>n.m.</b>
Minorities	(30)	(7)	- 22	n.m.	n.m.
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>1,540</b>	<b>(1,849)</b>	<b>+ 3,389</b>	<b>n.m.</b>	<b>n.m.</b>
Purchase Price Allocation effect	(1)	(50)	+ 49	- 98.6%	- 98.6%
Goodwill impairment	-	(886)	+ 886	- 100.0%	- 100.0%
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>1,540</b>	<b>(2,785)</b>	<b>+ 4,325</b>	<b>n.m.</b>	<b>n.m.</b>

Note:

(\*) Foreign Exchange.

## Reclassified consolidated accounts

## Reclassified consolidated income statement - Quarterly figures

(€ million)

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	2,406	2,271	2,203	2,180	2,250	2,303	2,393	2,494
Dividends and other income from equity investments	114	169	125	112	124	128	62	102
Net fees and commissions	1,680	1,650	1,674	1,688	1,504	1,467	1,378	1,618
Net trading income	220	354	425	639	426	455	357	173
Net other expenses/income	16	(10)	(29)	68	(69)	(1)	(22)	(11)
<b>OPERATING INCOME</b>	<b>4,436</b>	<b>4,435</b>	<b>4,398</b>	<b>4,686</b>	<b>4,236</b>	<b>4,352</b>	<b>4,168</b>	<b>4,376</b>
Payroll costs	(1,532)	(1,515)	(1,495)	(1,480)	(1,456)	(1,479)	(1,492)	(1,542)
Other administrative expenses	(804)	(783)	(811)	(792)	(825)	(786)	(795)	(809)
Recovery of expenses	150	134	135	129	147	124	128	125
Amortisation, depreciation and impairment losses on intangible and tangible assets	(286)	(286)	(290)	(270)	(323)	(266)	(284)	(265)
<b>Operating costs</b>	<b>(2,472)</b>	<b>(2,450)</b>	<b>(2,461)</b>	<b>(2,413)</b>	<b>(2,456)</b>	<b>(2,408)</b>	<b>(2,442)</b>	<b>(2,491)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>1,963</b>	<b>1,985</b>	<b>1,937</b>	<b>2,272</b>	<b>1,780</b>	<b>1,945</b>	<b>1,726</b>	<b>1,885</b>
Net write-downs on loans and provisions for guarantees and commitments	(810)	(297)	(360)	(167)	(2,058)	(741)	(937)	(1,261)
<b>NET OPERATING PROFIT (LOSS)</b>	<b>1,153</b>	<b>1,688</b>	<b>1,577</b>	<b>2,105</b>	<b>(278)</b>	<b>1,204</b>	<b>788</b>	<b>624</b>
Other charges and provisions	(274)	(195)	(214)	(702)	(91)	(251)	(185)	(528)
<i>of which: systemic charges</i>	<i>(92)</i>	<i>(200)</i>	<i>(125)</i>	<i>(620)</i>	<i>(53)</i>	<i>(201)</i>	<i>(166)</i>	<i>(538)</i>
Integration costs	(1,327)	(4)	(7)	-	(82)	(30)	(6)	(1,347)
Net income from investments	(2,325)	(59)	15	(195)	130	(141)	(92)	(1,261)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(2,772)</b>	<b>1,430</b>	<b>1,371</b>	<b>1,207</b>	<b>(322)</b>	<b>782</b>	<b>505</b>	<b>(2,512)</b>
Income tax for the period	1,338	(362)	(331)	(314)	(34)	(97)	(73)	(140)
<b>NET PROFIT (LOSS)</b>	<b>(1,434)</b>	<b>1,068</b>	<b>1,040</b>	<b>893</b>	<b>(356)</b>	<b>685</b>	<b>432</b>	<b>(2,652)</b>
Profit (Loss) from non-current assets held for sale after tax	2	-	-	1	48	-	1	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(1,432)</b>	<b>1,068</b>	<b>1,040</b>	<b>894</b>	<b>(308)</b>	<b>685</b>	<b>433</b>	<b>(2,652)</b>
Minorities	(8)	(10)	(5)	(7)	8	(5)	(6)	(5)
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>(1,439)</b>	<b>1,058</b>	<b>1,034</b>	<b>888</b>	<b>(300)</b>	<b>680</b>	<b>428</b>	<b>(2,656)</b>
Purchase Price Allocation effect	-	-	(1)	-	-	-	-	(50)
Goodwill impairment	-	-	-	-	(878)	-	(8)	-
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(1,439)</b>	<b>1,058</b>	<b>1,034</b>	<b>887</b>	<b>(1,179)</b>	<b>680</b>	<b>420</b>	<b>(2,706)</b>

# Reclassified consolidated accounts

## Reclassified consolidated income statement - Comparison of Q4 2021/Q4 2020

(€ million)

	Q4		CHANGE		
	2021	2020	P&L	%	% AT CONSTANT FX <sup>(*)</sup> RATES
Net interest	2,406	2,250	+ 156	+ 6.9%	+ 6.3%
Dividends and other income from equity investments	114	124	- 10	- 8.2%	- 8.2%
Net fees and commissions	1,680	1,504	+ 175	+ 11.7%	+ 11.3%
Net trading income	220	426	- 207	- 48.5%	- 49.4%
Net other expenses/income	16	(69)	+ 85	n.m.	n.m.
<b>OPERATING INCOME</b>	<b>4,436</b>	<b>4,236</b>	<b>+ 200</b>	<b>+ 4.7%</b>	<b>+ 4.2%</b>
Payroll costs	(1,532)	(1,456)	- 76	+ 5.2%	+ 4.9%
Other administrative expenses	(804)	(825)	+ 21	- 2.5%	- 2.8%
Recovery of expenses	150	147	+ 3	+ 2.0%	+ 2.1%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(286)	(323)	+ 36	- 11.3%	- 11.6%
<b>Operating costs</b>	<b>(2,472)</b>	<b>(2,456)</b>	<b>- 16</b>	<b>+ 0.6%</b>	<b>+ 0.3%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>1,963</b>	<b>1,780</b>	<b>+ 184</b>	<b>+ 10.3%</b>	<b>+ 9.4%</b>
Net write-downs on loans and provisions for guarantees and commitments	(810)	(2,058)	+ 1,248	- 60.6%	- 60.4%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>1,153</b>	<b>(278)</b>	<b>+ 1,431</b>	<b>n.m.</b>	<b>n.m.</b>
Other charges and provisions	(274)	(91)	- 183	n.m.	n.m.
<i>of which: systemic charges</i>	(92)	(53)	- 39	+ 73.7%	+ 71.5%
Integration costs	(1,327)	(82)	- 1,244	n.m.	n.m.
Net income from investments	(2,325)	130	- 2,455	n.m.	n.m.
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(2,772)</b>	<b>(322)</b>	<b>- 2,451</b>	<b>n.m.</b>	<b>n.m.</b>
Income tax for the period	1,338	(34)	+ 1,373	n.m.	n.m.
<b>NET PROFIT (LOSS)</b>	<b>(1,434)</b>	<b>(356)</b>	<b>- 1,078</b>	<b>n.m.</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	2	48	- 46	- 95.3%	- 95.3%
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(1,432)</b>	<b>(308)</b>	<b>- 1,124</b>	<b>n.m.</b>	<b>n.m.</b>
Minorities	(8)	8	- 15	n.m.	n.m.
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>(1,439)</b>	<b>(300)</b>	<b>- 1,139</b>	<b>n.m.</b>	<b>n.m.</b>
Purchase Price Allocation effect	-	-	-	n.m.	n.m.
Goodwill impairment	-	(878)	+ 878	- 100.0%	- 100.0%
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(1,439)</b>	<b>(1,179)</b>	<b>- 261</b>	<b>+ 22.1%</b>	<b>+ 22.6%</b>

Note:

(\*) Foreign Exchange.



# Summary results by business segments

## Key figures by business segment

							(€ million)
	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE <sup>(*)</sup>	NON CORE	CONSOLIDATED GROUP TOTAL
<b>Income statement</b>							
<b>OPERATING INCOME</b>							
2021	8,415	4,454	3,007	2,357	(223)	(56)	17,954
2020	8,088	4,092	2,817	2,361	(179)	(46)	17,132
<b>OPERATING COSTS</b>							
2021	(3,997)	(2,692)	(1,664)	(1,013)	(357)	(74)	(9,797)
2020	(4,001)	(2,719)	(1,633)	(1,012)	(318)	(115)	(9,797)
<b>OPERATING PROFIT</b>							
2021	4,418	1,763	1,343	1,343	(580)	(130)	8,158
2020	4,088	1,373	1,184	1,349	(497)	(162)	7,335
<b>PROFIT BEFORE TAX</b>							
2021	1,988	521	548	939	(2,629)	(132)	1,236
2020	(612)	996	282	401	(2,273)	(339)	(1,546)
<b>Balance sheet</b>							
<b>CUSTOMERS LOANS<sup>(**)</sup></b>							
as at 31 December 2021	157,514	125,509	92,543	40,676	2,869	194	419,305
as at 31 December 2020	167,810	120,795	84,516	37,829	3,068	775	414,793
<b>CUSTOMERS DEPOSITS<sup>(**)</sup></b>							
as at 31 December 2021	199,123	131,756	92,962	49,223	3,223	473	476,761
as at 31 December 2020	190,594	133,973	86,575	45,824	2,459	518	459,944
<b>TOTAL RISK WEIGHTED ASSETS</b>							
as at 31 December 2021	125,751	81,973	56,787	36,787	20,334	361	321,992
as at 31 December 2020	131,198	78,606	49,969	36,489	21,763	7,642	325,665
<b>EVA</b>							
2021	674	50	388	243	(1,038)	(105)	212
2020	(942)	(713)	(306)	(298)	(862)	(226)	(3,347)
<b>Cost/income ratio</b>							
2021	47.5%	60.4%	55.3%	43.0%	n.m.	n.m.	54.6%
2020	49.5%	66.4%	58.0%	42.9%	n.m.	n.m.	57.2%
<b>Employees</b>							
as at 31 December 2021	28,721	11,282	10,665	17,762	10,058	85	78,571
as at 31 December 2020	30,429	11,937	11,072	18,110	10,347	211	82,107

**Notes:**

(\*) Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments.

(\*\*) Net of repos, intercompany transactions.

Figures as of 2020 were recast, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules. With reference to the changes in the perimeters of business sectors, refer to Notes to the consolidated accounts, Part L - Segment reporting, Organisational Structure.

# Group and UniCredit share historical data series

## Group figures 2011 - 2021

	IAS/IFRS										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Reclassified income statement (€ million)</b>											
Operating income	17,954	17,140	18,839	19,723	19,619	18,801	22,405	22,513	23,973	25,049	25,200
Operating costs	(9,797)	(9,805)	(9,929)	(10,698)	(11,350)	(12,453)	(13,618)	(13,838)	(14,801)	(14,979)	(15,460)
Operating profit (loss)	8,158	7,335	8,910	9,025	8,268	6,348	8,787	8,675	9,172	10,070	9,740
Profit (loss) before income tax	1,236	(1,546)	3,065	3,619	4,148	(10,978)	2,671	4,091	(4,888)	317	2,060
Net profit (loss) for the period	1,570	(1,842)	3,559	4,112	5,790	(11,061)	2,239	2,669	(3,920)	1,687	644
Net profit (loss) attributable to the Group	1,540	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008	(13,965)	865	(9,206)
<b>Reclassified balance sheet (€ million)</b>											
Total assets	916,671	931,456	855,647	831,469	836,790	859,533	860,433	844,217	845,838	926,827	926,769
Loans and receivables with customers	437,544	450,550	482,574	471,839	447,727	444,607	473,999	470,569	503,142	547,144	559,553
of which: bad exposures	1,121	1,645	2,956	5,787	9,499	10,945	19,924	19,701	18,058	19,360	18,118
Deposits from customers and debt securities issued	596,402	600,964	566,871	560,141	561,498	567,855	584,268	560,688	571,024	579,965	561,370
Group shareholders' equity	61,628	59,507	61,416	55,841	59,331	39,336	50,087	49,390	46,841	62,784	51,479
<b>Profitability ratios (%)</b>											
Operating profit (loss)/Total assets	0.89	0.79	1.04	1.09	0.99	0.74	1.02	1.03	1.08	1.09	1.05
Cost/Income ratio	54.6	57.2	52.7	54.2	57.9	66.2	60.8	61.5	61.7	59.8	61.4

The figures here reported refer to the information published in the reference year.

## Share information

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share price<sup>(*)</sup> (€)</b>											
- maximum	13.576	14.174	13.494	18.212	18.350	25.733	32.824	34.427	28.213	22.440	65.912
- minimum	7.420	6.213	9.190	9.596	12.160	8.785	24.605	25.583	16.227	11.456	21.157
- average	10.088	8.650	11.193	14.635	15.801	13.820	29.509	30.015	22.067	16.520	42.923
- end of period	13.544	7.648	13.020	9.894	15.580	13.701	25.733	26.735	26.961	18.572	21.190
<b>Number of outstanding shares (million)</b>											
- at period end <sup>(**)</sup>	2,211	2,237	2,233	2,230	2,226	6,180	5,970	5,866	5,792	5,789	1,930
- shares cum dividend	2,201	2,228	2,224	2,220	2,216	6,084	5,873	5,769	5,695	5,693	1,833
of which: savings shares	-	-	-	-	0.25	2.52	2.48	2.45	2.42	2.42	2.42
- average	2,231	2,236	2,233	2,229	1,957	6,110	5,927	5,837	5,791	5,473	1,930
<b>Dividend<sup>(***)</sup></b>											
- total dividends (€ million)	-	268	-	601	726	-	706	697	570	512	-
- dividend per ordinary share	-	0.120	-	0.270	0.320	-	0.120	0.120	0.100	0.090	-
- dividend per savings share	-	-	-	-	-	-	0.120	1.065	0.100	0.090	-

### Notes:

(\*) Due to extraordinary corporate operations (such as shares' grouping, demergers, distribution of extraordinary dividends, etc.) share prices might change being no longer comparable from one financial year to another. The historical series of share prices have been therefore adjusted to allow a better comparison.

(\*\*) The number of shares, existing at the end of the reference period, is net of treasury shares and includes 9.676 million of shares held under a contract of usufruct signed with Mediobanca S.p.A. The shares held under a contract of usufruct are excluded from the shares cum dividend highlighted at the following row.

(\*\*\*) With reference to the dividend amount for the year 2021, subject to approval by the Shareholders' Meeting scheduled for 8 April 2022, please refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

The following paragraph outlines additional information concerning shares capital changes and dividends pay-out.

On 30 March 2021 was registered with the Company Register the resolution to increase the share capital for €73,932,132.00 by issuing No.6,288,605 ordinary free shares for the execution of Group Incentive System.

On 15 April 2021 the Shareholders' Meeting resolved the remuneration of shareholders for the year 2020 in implementation of the dividend policy approved by the Board of Directors on 10 February 2021 and in accordance with the measures contained in the ECB Recommendation of 15 December 2020. The approved distributable amount of €447 million was partly paid out in cash (€268 million) equivalent to a dividend of €0.12 for each share outstanding and partly (€179 million) with the implementation of a share buy-back programme ("First Buy-Back Programme 2021") launched on 11 May 2021 and concluded on 23 June 2021 with the purchase of a total of No.17,416,128 UniCredit ordinary shares. Also taking into account the No.4,760 treasury shares already in portfolio on 4 October 2021 the resolution to cancel No.17,420,888 treasury shares in portfolio has been registered with the Company Register without reducing the share capital, pursuant to the resolutions passed by Extraordinary Shareholders' Meeting on 15 April 2021, by the Board of Directors on 5 May 2021 and by the Chairman on 4 October 2021.

# Group and UniCredit share historical data series

The Shareholders' Meeting of 15 April 2021 also authorized an extraordinary distribution to be fully realized in the form of shares buy-backs ("Second Buy-Back Programme 2021") for a maximum amount of €652 million and for a number of UniCredit shares not exceeding 110 million; the share buy-back was communicated to the market on 9 December 2021 and initiated on 13 December 2021 with the aim of concluding the purchase transactions by the first quarter of 2022. As at 31 December 2021, No. 15,048,642 UniCredit ordinary shares were purchased and settled under the item "Treasury Shares" of Shareholders' equity, for a total consideration of €199 million.

## Earnings ratios

	IAS/IFRS										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Shareholders' equity (€ million)	61,628	59,507	61,416	55,841	59,331	39,336	50,087	49,390	46,841	62,784	51,479
Net profit (loss) attributable to the Group (€ million)	1,540	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008	(13,965)	865	(9,206)
Shareholders' equity per share (€)	27.87	26.60	27.50	25.04	26.65	6.36	8.39	8.42	8.09	10.85	26.67
Price/Book value	0.49	0.29	0.47	0.40	0.58	0.43	0.61	0.63	0.67	0.34	0.16
Earnings per share <sup>(*)</sup> (€)	0.680	(1.306)	1.462	1.712	2.794	(1.982)	0.27	0.34	(2.47)	0.15	(5.12)
Payout ratio (%)	-	n.m.	-	15.4	13.3	-	41.7	34.7	n.m.	59.2	-
Dividend yield on average price per ordinary share (%) <sup>(**)</sup>	-	1.39	-	1.84	2.03	-	2.04	2.00	2.27	2.73	-

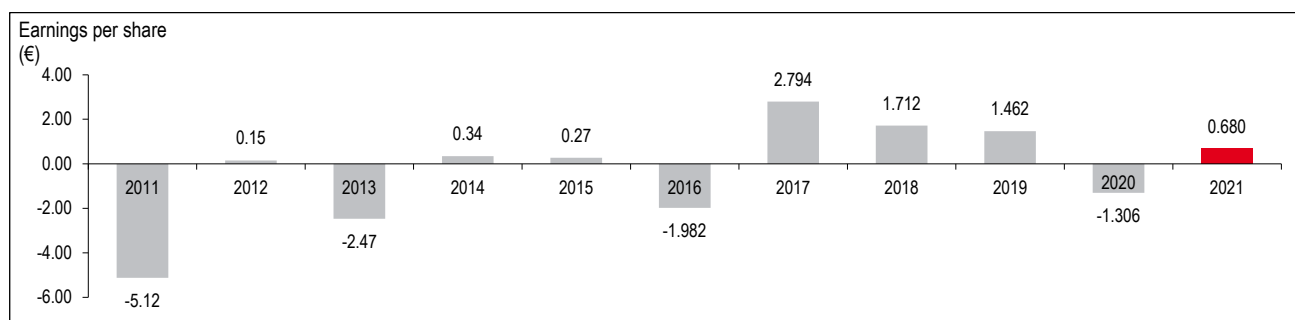
### Notes:

(\*) For further details on Earnings per share (EPS) refer to Part C - Section 25 Earnings per share.

(\*\*) For what concern to the amount of dividend related to 2021, subject to the 8 April 2022 General Shareholders Meeting approval, refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

The amounts in the table are published "historical figures" and they should be read with reference to each reference period.

The net profit for the period used to calculate EPS is reduced for the following amounts related to the cash-out, charged to equity, related to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for supporting the issuance of convertible securities denominated "Cashes": €172 million for 2011, €46 million for 2012, €105 million for 2013, €35 million for 2014, €100 million for 2015, €128 million for 2016, €32 million for 2017, €93 million for 2018, €124 million for 2019, €122 million for 2020 and €30 million in the first quarter 2021 and related to the last payment referred to 2019 results.





# Group results

## Macroeconomic situation, banking and financial markets

### International situation

In the second half 2021, global economic activity continued to expand, albeit at a measurably moderating pace amid persistent supply bottlenecks that turned into elevated shipping costs. Both demand and supply factors were at play. Shifts in spending patterns away from contact-intensive services (restaurants, hotels and so on) towards goods during the pandemic, along with unprecedented fiscal support for incomes and a lack of investment in ships (before the pandemic, the expectation was for a structural decline in seaborne trade), caught the shipping industry by surprise. As a result, there were not enough container boxes and ships to accommodate rising orders at a time when Covid-19 created significant supply friction, from a lack of port workers to the implementation of time-consuming health protocols and the shutting of entire harbors. Thus, the shipping industry's problems have had a ripple effect across supply chains and regions, as evident in long delivery times, shortages of key raw materials and high input prices, which have progressively fed through to consumer inflation in advanced economies and endangered recovery more broadly.

The global outlook was further clouded by a series of other events. First, the natural gas crisis that broke out in the fall as a result of geopolitical tensions with Russia and of burgeoning demand from the manufacturing sector reinforced the inflationary pressures generated by high shipping costs. Second, China's abrupt regulatory tightening during the summer, along with rising financial vulnerabilities of its real estate sector, contributed to a loss of momentum in the performance of the second largest economy in the world. Third, after a summer of relative calm on the pandemic front, Countries with low vaccination rates were forced to introduce containment measures already in October, and the emergence of the more contagious Omicron variant from South Africa in late November led to a spike in the number of cases everywhere, triggering a further and widespread tightening in restrictions, targeting foreign travelers in particular. Finally, labor shortages, particularly in the sectors more exposed to the pandemic, slowed the recovery in the US in particular, forcing employers to offer higher salaries in order to attract potential employees, further intensifying inflationary pressures.

After posting a spectacular rebound in 2020, when China's GDP returned to its pre-pandemic trend (2016-2019 average) just three quarters after the outbreak of the global pandemic, the Chinese economy has since struggled to maintain that growth trajectory, particularly in the second half 2021. This has been due to power shortages, the government's zero-tolerance approach to Covid-19, real-estate fragility and abrupt regulatory tightening. In Japan, after subdued growth for most of 2021 amid continued spread of Covid-19 and the re-imposition of containment measures, economic activity likely regained some ground in the last quarter of the year thanks to the reopening of the economy, whose recovery remains highly fragile. The UK economy, instead, rebounded quickly in the second quarter 2021 after months of lockdown due to the spread of the Delta variant but in the second half it struggled to accelerate as a result of supply shortages of different kind, partly related to the pandemic and partly to Brexit itself.

Economic activity in the eurozone rebounded in the third quarter 2021 thanks to the reopening of the economy that benefited services in particular. But GDP growth moderated in the last part of the year as a result of persistent supply bottlenecks, the spread of the virus, the natural gas crisis, and the reimposition of restrictions across most jurisdictions. Overall, citizens, firms and governments have become better at coping with the pandemic waves and resulting constraints. This has lessened the pandemic impact on the economy. The combination of rising energy prices, supply bottlenecks and sustained aggregate demand contributed to rising inflationary pressures in the eurozone, with the CPI hitting 5% yoy increase in December 2021. The factors behind the recent spike in inflation numbers look of a temporary nature. There have been no signs of any amplification caused by wage growth as yet, although they may emerge in the future.

At its latest monetary policy meeting in December, the European Central Bank (ECB) decided to recalibrate its monetary stance in many ways, gradually exiting the emergency mode of the last few months. First, it will discontinue PEPP (Pandemic Emergency Purchase Programme) net purchases in March. The reinvestment horizon for the PEPP was extended by one year to until at least the end of 2024. Flexibility in asset purchases will be retained through a "silent" PEPP. Reinvestments will be the main tool here, but the ECB would also consider reactivating net purchases if needed to counter pandemic-related shocks. Second, the ECB outlined an APP (Asset Purchase Programme) path that envisages monthly purchases of €40 billion in the second quarter 2022 (the first quarter without PEPP net purchases), €30 billion in the third quarter 2022, and €20 billion from October 2022 "for as long as necessary to reinforce the accommodative impact of the policy rates". Third, the ECB will discontinue in June the special (very favorable) conditions applicable to TLTRO III, but the Governing Council will "assess the appropriate recalibration of its two-tier system". This indicates that the ECB will scale back its highly incentivized liquidity support, reverting to the tiering multiplier as the main tool to relieve banks from the side effects of negative rates.

# Group results

In the US, the recovery was well underway thanks to unprecedented fiscal support, with a focus both on the short-term post-pandemic recovery and on the long-term investment-driven expansion. At its monetary policy meeting in December, the FOMC (Federal Open Market Committee) left interest rates on hold but confirmed its hawkish shift in two main respects. First, it doubled the pace of tapering of its asset purchases, with net asset purchases now expected to end in mid-March, three months earlier than initially planned. Second, it signaled earlier and more rate hikes. The “dot plot” representation of FOMC interest rate projections now indicates three 25bps hikes this year, three hikes in 2023 and two hikes in 2024.

## Banking and financial markets

Lending to the private sector in the eurozone showed moderate expansion during the second half of 2021, with the growth rate standing at 4.1% in December, compared to growth of 3.0% in June. This improvement was, in part, driven by a slight recovery of loans to non-financial corporations, with the growth rate recovering to 4.2% yoy, after hitting 1.5% yoy in August. Loans to firms normalized/slowed during 2021 as a result of i) lower support for loan supply through government guarantees, as observed during 2020, to counter the negative impacts of the pandemic and ii) firms’ ample liquidity and the availability of alternative sources of financing, which limited demand for credit. On the other hand, the growth rate of loans granted to households stabilized at around 4.0% yoy, mainly thanks to an increase in the amount of loans for house purchase. Consumer credit proved weak due to lower demand for credit to finance consumption, with households mainly drawing on savings to finance spending.

Observed during the second half of the year, these trends characterized the evolution of loans to the private sector in all three main reference countries of UniCredit group (Austria, Germany and Italy). The trend was particular similar among loans to households, which showed a pace growth of just over 5.0% yoy and 6.0% respectively in Germany and Austria, while in Italy, annual growth stabilized at just under 4.0% yoy. In terms of loans to non-financial corporations, there was a recovery towards a growth rate close to 6.0% yoy in Germany in the second half of the year, after it had fallen below 2% by the end of the first half 2021, and a similar recovery trend also characterized corporate loans in Austria. In Italy, the slowdown continued throughout the second half of the year. Here, the growth rate of loans granted to businesses went slightly above 1.5% yoy.

With regard to bank funding at a system level, deposits from households and non-financial corporations were characterized during the second half of the year by sustained growth rates in all reference countries of UniCredit group. At the same time, a dynamic of gradual reduction in the pace of growth materialized over the course of the second half of the year, especially among sight deposits. However, this was still characterized by positive monthly inflows. This trend most likely reflects the strong recovery observed in private-consumption growth following the reopening of economies in the spring of this year as well as the recovery in firms’ investment activity. In particular, households have begun to draw on savings accumulated during 2020 and early 2021 to finance consumer spending.

Support from the ECB allowed a tightening of financial conditions to be averted, also during the second half of 2021, guaranteeing that financing conditions for households and businesses remained favorable, supporting private spending and fixed investment. Bank interest rates on loans stabilized at levels only slightly lower than those observed at the end of the first half of the year in all the main reference countries of UniCredit group. In this context, interest rates on sight deposits still remained close to zero.

During the second half of the year, financial markets have been characterized by an increase in volatility, which partially limited the performance of equity markets. On the one hand, a sustained economic recovery related to the reopening of economies was a supporting factor. On the other hand, concerns spread that supply-chain bottlenecks and the increasing cost of energy and raw materials could slow the economic recovery and affect margins. Expectations of a possible tightening of monetary policy presented addition uncertainty for financial markets, although these are still well supported by the ECB and by ongoing expansionary fiscal policy. Against this backdrop, the Italian and Austrian stock exchanges performed relatively better, recording gains of about 10% compared to the end of the first half of 2021, while the German stock exchange approached the end of the second semester broadly flat compared to where it was in June 2021.

## CEE countries

CEE has had an uneven economic recovery in 2021 in terms of strength and geographical patterns. The recovery started on a strong footing, but growth momentum slowed amid the third pandemic wave, only to accelerate again as economies reopened in the spring. In the second half of the year, supply-chain bottlenecks and higher commodity prices affected production and exports while driving inflation to the highest levels since the global financial crisis. A fourth pandemic wave has reduced mobility and consumer spending in the last quarter 2021.

# Group results

In EU-CEE<sup>1</sup>, Hungary, Poland and Romania have seen economic activity return to pre-pandemic levels, while the other countries of the region have lagged behind because global tourism and economic activity in the eurozone have failed to recover fully. The Western Balkans have had a similar performance to EU-CEE. The exception is Serbia, whose economy had returned above the pre-pandemic trend of growth by the autumn, alongside the economies of Russia and Turkey. However, momentum has weakened here too, as in EU-CEE, as the end of the year approached. We estimate EU-CEE to have grown by around 5% in 2021, Russia by 4.2% and Turkey by 10.7%.

While we expect CEE countries to resist tight lockdowns, weaker demand from the eurozone and the impact of higher food and energy costs on hand-to-mouth consumers could translate into slower economic activity at the beginning of 2022. CEE households have started spending out of their excess savings accumulated in 2020-21 and borrowing more from banks, but a large share of the population has no access to emergency funding and, thus, could see its purchasing power tumble if commodity prices remain high.

CEE companies' production has been affected by supply-chain blockages and by high commodity prices, which will likely persist in the first half of 2022. Supply bottlenecks contrast with strong demand and a large backlog of orders that bodes well for future exports. Whenever supply chains ran smoothly in 2021, exports were close to all-time highs, especially in Central Europe and Turkey. Yet eurozone companies expect these bottlenecks to last beyond mid-2022, easing gradually in the second half 2022 and completely only in 2023. Absent further lockdowns, this scenario would still lead to higher exports in 2022 than in 2021.

In 2021, inflation increased significantly in all countries due to commodity prices, global-supply chain bottlenecks, the recovery in domestic demand and, in some cases, currency depreciation. Central banks in the region reacted with significant monetary policy tightening with the exception of Serbia, where the central bank limited its actions to a reduction in liquidity so far, and Turkey, where the central bank lowered interest rates from September due to political pressure. Central banks also tapered their bond purchases and stopped them altogether before the end of 2021. Inflation will likely remain high throughout 2022 with the inflationary effects of supply shocks likely to last longer in CEE than in Western Europe.

## Main results and performance for the period

### Introduction

The macroeconomic context in which the Group functioned in 2021 was characterised 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 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 the effective pursue of the strategic priorities of the plan "Team 23" communicated in December 2019.

However, the profoundly changed macroeconomic scenario following the pandemic, the resulting reprioritization of some of the strategic guidelines, as well as the appointment of the new Managerial Team, made appropriate the development of a new Strategic Plan "UniCredit Unlocked" for 2022-2024 which optimises the Group current set-up and builds a clear long-term program for tomorrow while moving into an era of growth and value creation for all our stakeholders.

UniCredit Unlocked, presented for the financial community during the Strategy Day of the 9 December 2021, delivers the following strategic ambitions:

#### **Grow in our regions and develop our client franchise, changing our business model and how our people operate:**

- selective growth both from our existing and new clients;
- development of best-in-class products and services: either in house or with external partners;
- business growth based on low capital absorption, focusing on value-added products and services for clients;
- targeted cost efficiency to fund investments and insure operating lever.

<sup>1</sup> Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.



# Group results

**Deliver economies of scale from our banks network, through a transformation of technology leveraging on Digital & Data and operating with a view towards sustainability:**

- achieve the full integration of our 13 banks;
- empowering the local banks within clear risk and behavior framework, limiting the central steering to those activities where it actually adds value;
- redesign operating model by re-insourcing the strategic competencies;
- new way of working: centered around clients and common platforms;
- adopting a new client oriented working model and based on common platforms;
- equipping the Group with all necessary tools to support our clients and the communities in the transition towards a way of operating more sustainable both for the environment and the society;

**Drive financial performance via three interconnected levers under full management control:**

- further reducing the costs base of 2024, excluding the impact of new significant investments expected in Digital & Data and Business and the inflation;
- generate organic capital<sup>2</sup> growth thanks to higher profitability and capital low absorption model, to optimal capital allocation and active portfolio management driven by RoTE maximization (Return on Tangible Equity);
- increase of revenues excluding LLPs to achieve a profitability above the cost of equity, mostly driven by fees and recovery of market share.

**Allow, through the new business model, a strong organic capital generation<sup>2</sup> with materially increased and progressively growing shareholder distributions<sup>3</sup> while maintaining or exceeding a robust CET1 ratio target of 12.5-13 per cent:**

- it is expected a Shareholder distribution<sup>3</sup> of at least €16 billion total for 2021-2024, with yearly distributions being consistent with the organic capital generation<sup>2</sup> of each relevant year;
- from this perspective, it is expected in 2022 a distribution of €3.75 billion (related to 2021), consisting of a cash dividend of circa 30 per cent of underlying net profit<sup>4</sup> with the balance composed of share buybacks;
- based on plan assumptions, total distribution related to 2022 is expected to be in line or greater than 2021 and to progressively increase starting from 2023. The 2022 annual cash dividend is expected at 35 per cent of net profit<sup>5</sup> and thereafter to be at least 35 per cent of net profit<sup>5</sup> with the balance composed of share buybacks.

In the second half of the year the new organizational structure announced on 12 May 2021 became fully operative, allowing the members of the Group Executive Committee to effectively have all the levels of the managerial structure available to guide their respective competence business areas, being fully responsible for the related performance.

Therefore, at 31 December 2021, the performance and the results of the Group were measured and monitored based on the new business divisions. Consequently, applying IFRS8 accounting principle, the reporting by business sectors of the present Consolidated Report on Operations was drawn up accordingly with the new organization.

For the changes in the organizational structure refer also to the paragraph "Other information on Group activities" of this Consolidated report on operations.

All the managerial Team is focused on implementing the measures defined within the new Strategic Plan, aiming at the achievement of a sustainable long-term growth, which will happen through business relaunch and strengthening, with a client focus view; the Group's strategy will pivot on digitalization and the valorization of economies of scale which are intrinsic to the Group's banks; the later mentioned will be able to leverage on a uniform clients segmentation (currently in a development phase), on a harmonised service model, simplified processes and a unique organizational structure; the unification of technology and data platforms together with the consolidation of common principles will allow offering to the clients the best products and services.

Moving on to the results of 2021, the Group managed to benefit from the macroeconomic and financial context characterised by the firsts clear signs of post pandemic recovery and achieved a net profit of €1,540 million, compared with the €2,785 million loss realised in 2020.

<sup>2</sup> Organic capital generation means CET1r evolution deriving from (i) stated net profit excluding DTA from tax loss carry forward contribution and (ii) RWA dynamic net of regulatory headwind.

<sup>3</sup> Shareholder distribution subject to supervisory & shareholder approvals and inorganic options.

<sup>4</sup> Underlying net profit means Stated net profit adjusted for non-operating items.

<sup>5</sup> Net profit means Stated net profit adjusted for AT1 coupons, Cashes cash-out and impacts from DTAs from tax loss carry forward sustainability test.

# Group results

The net profit of the Group was negatively impacted by the accounting of some non-recurring items amounting, net of taxes and minority interest, to a negative amount of €2,361 million; particularly were recorded:

- with negative impact the following main impacts:
  - €1,644 million related to the sale on the market of 2% of the participation in Yapi Ve Kredi Bankasi A.S. and to the deconsolidation of the remaining quota of 18%, as a consequence of the loss of significant influence resulting from the withdrawal of the 2 UniCredit representatives from the Board of Directors of Yapi also considering the FX hedging effects. The 18% stake, classified as a financial instrument mandatory at fair value, will be sold to Koç Holding A.S. "Koç" which has confirmed to UniCredit the irrevocable decision to exercise the right of first offer pursuant to the agreement signed in 2019 between UniCredit and Koç. The completion of the sale of the 18% stake to Koç is subject to obtaining any applicable regulatory approvals in the relevant jurisdictions and is expected to occur in the first quarter of 2022;
  - €554 million related to classification under disposal of the leasing legal entities in Italy, Germany and Slovenia;
  - €370 million from additional loan loss provisions following the update of the internal calculation models derived from the implementation of the European regulation;
  - €735 million for severances in Italy, Germany and Austria;
  - €221 million for other integration costs.
- with positive impact, €1,164 million related to the recognition with reference to the Italian fiscal perimeter of new Deferred Tax Assets (DTA) from tax loss carry forward derived from the update of the sustainability test also on the base of the new Strategic Plan projection.

Net of the non-recurring items, in 2021, the Group recorded an underlying net profit of €3,900 million, compared with €1,264 million of underlying net profit of 2020.

This trend was positively impacted by the higher revenues as well as the lower Loan Loss Provisions, which were significantly higher in 2020 also in relation to the overlay provisions connected with the emerging of the Covid-19 pandemic crisis.

## Operating income

In 2021 Group's revenues were €17,954 million, increasing by 4.8% compared to 2020 (up by 4.8% at constant exchange rates).

The increase, sustained mainly by higher Commissions and Trading Profit, reflects a gradually improving macroeconomic context, compared to a 2020 particularly impacted, especially in the first half, by the financial-economic consequences related to the pandemic and by the consequent lockdown initiatives.

Net interest was equal to €9,060 million, decreasing by 4.0% compared to last year (down by 3.8% at constant exchange rates).

During 2021 net interest continued to be characterised by a drop of the interest income on lending to customers, especially visible in Italy, in Eastern Europe countries and in Germany. In particular, Italy customer income rates were influenced both by an overall rebalancing of portfolio with a decrease of the short-term products characterised by rates on average higher and by the effect of the continuation of granting state guaranteed loans; the latter, positively contributing to the reduction of the risk profile of the loan portfolio, generally involve more favorable customer rates versus the ordinary ones.

The loan spreads have been negatively affected by the situation, with the decrease of customer loans interest rates being only partially mitigated by the decrease of deposit interest rates.

In the fourth quarter of the year the interest margin trend benefited in Germany, from positive non-recurring tax related items, while in the main countries of Eastern Europe, in Czech Republic and Hungary the increase of the market rates, dictated by the inflation pressure and by the increase of the local reference rates, generated an adjustment to the increase transferred in the lending rates to customers.

Customer loans volumes recorded a decrease of €13.0 billion, or down by 2.9%, dropping from €450.5 billion as at 31 December 2020 to €437.5 billion as at 31 December 2021. This decrease was generated by the repurchase agreements dynamic which recorded a decrease of €17.5 billion, while the Non Core component recorded a €0.6 billion reduction; with reference to the latter, the strategic initiatives undertaken during the year led to the achievement of the objective of a complete run-off by the end of 2021, in line with the expectations.

The customer loans excluding the repos component, showed in 2021 an increase of €4.5 billion, or up by 1.1% compared to last year (0.8% at constant exchange rates) sustained by the positive trend of the medium long-term components; this dynamic was impacted as at 31 December 2021 by the reclassifications to activities under disposal of the Leasing portfolios equal to €11.5 billion (approximately €9.6 billion in Italy and approximately €1.9 billion in Germany). Considering that the reclassified Leasing portfolios amounted to €12.9 billion as of 31 December 2020, excluding these Leasing portfolios and the repos component, the customer loans stock increased by €17.4 billion versus 2020.

The increase of customer loans excluding repos was sustained by Central Europe, with volumes up by €8.0 billion (up by 9.5% or by +8.4% at constant exchange rates), thanks to the increase of €5.7 billion in Austria (up by 9.4%) and of €1.8 billion in Czech Republic (up by 10.3% or by 4.7% at constant exchange rates); also Germany had a positive contribution with an increase of €4.7 billion (€7.4 billion excluding the reclassified Leasing portfolio) up by 3.9%, while Eastern Europe registered an increase of €2.8 billion, up by 7.5% or by +6.2% at constant exchange rates. Amongst the countries of Eastern Europe the increases in Russia (up by 11.5% or by +3.9% at constant exchange rates), in Romania (up by 13.3%

# Group results

or by +15.1% at constant exchange rates) and in Serbia (up by 10.6% or by +10.8% at constant exchange rates). are particularly noteworthy Italy, showing a decrease of €10.3 billion (down by 6.1%), is substantially stable year over year excluding the Leasing portfolio reclassified under assets held for sale.

Deposits from customers, equal to €500.5 billion, have been growing by €2.1 billion, or up by 0.4% (up by 0.1% at constant exchange rates) compared to 2020.

Net of repos, the Deposits from customers increased by 3.7% (up by 3.3% at constant exchange rates) compared to last year.

In detail, deposits from customers net of repos increased in Italy (up by 4.5%), in Central Europe, up by 7.4% (or by 6.4% at constant exchange rates), with Austria up by 5.1%, Czech Republic up by 16.9% (or by 10.8% at constant exchange rates) and Hungary increasing with 7.3% (or by 8.9% at constant exchange rates). Eastern Europe showed an increase of 7.4% (or by 5.3% at constant exchange rates) with Croatia up by 9.7% (or by 9.2% at constant exchange rates), Romania up by 9.6% (or by 11.4% at constant exchange rates) and Serbia up by 19.0% (or by 19.2% at constant exchange rates). Contrarily in Germany the Deposits volumes showed a contraction of 1.7%.

Dividends and other income from equity investments (which include the profits of the companies accounted at equity method) in 2021 amounted to €520 million, increasing by €105 million, or up by 25.2% (up by 25.2% at constant exchange rates) compared with 2020. The increase is mainly explained by the higher profitability of the Austrian banks in which we have participations (in particularly BKS Bank Ag, Oberbank Ag), by the participation in Yapi Ve Kredi Bankasi A.S. whose contribution to the aforementioned item ceased starting from November following the classification of this participation among activities under disposal, and to a lesser extent by the result of the Insurance companies in Italy.

The net fees and commissions 2021 amounted to €6,692 million, increasing by 12.1% (up by 12.1% at constant exchange rates) compared to previous year; the positive trend reflects the sustained dynamic of the commercial activity in a macroeconomic context of recovery compared to a 2020 especially impacted by the lockdown periods, especially in the first half of the year.

Particularly, the Investment services recorded an increase of €526 million, or up by 23.4% in comparison to 2020 (up by 23.4% at constant exchange rates), mainly thanks to the commission of placements for assets under management products, which showed a very strong increase compared to the prior year, benefitting as well from a more favorable market scenario.

The commissions for transactional services show an increase as well, equal to €138 million (up by 6.5% compared to 2020; up by 6.5% at constant exchange rates), mainly driven by higher Debit and Credit cards commissions, Payments and Current Accounts fees.

Also positive, the trend of Financing services component is increasing by €60 million, up by 3.7% compared to 2020 (up by 3.6% at constant exchange rates), sustained by loans related fees (thanks to Structure Finance activities, mainly in Germany), by Credit Protection Insurance fees (thanks to Italy) and by guarantees fees.

In 2021 also the net trading income showed a strong increase compared to prior year (€226 million), moving from €1,412 million in 2020 to €1,638 million in the current year (up by 16.0%, or up 15.4% at constant exchange rate). The increase is mainly derived from XVA contribution and from client's activity, negatively impacted in the first quarter of last year by the market trends in the Covid-19 pandemic crisis peak period. The final result is impacted as well by the positive contribution of fair value valuation of some shares and equity investments held in portfolio.

Lastly, in 2021, the net other expenses/income were positive, in an amount of €45 million, compared with the negative results of €104 million in 2020. The upward dynamic (€149 million) benefited from the positive effects derived from updating the overall terms of the outsourcing agreement with SIA company, in relation to supplying some of the processing services in Italy, Austria and Germany, related to Card transactions and to the operation of POS and ATM terminals.

## Operating income

	YEAR		% CHANGE	(€ million)	
	2021	2020		2021 Q4	% CHANGE ON Q3 2021
Net interest	9,060	9,441	- 4.0%	2,406	+ 6.0%
Dividends and other income from equity investments	520	415	+ 25.2%	114	- 32.9%
Net fees and commissions	6,692	5,968	+ 12.1%	1,680	+ 1.8%
Net trading income	1,638	1,412	+ 16.0%	220	- 38.0%
Net other expenses/income	45	(104)	n.m.	16	n.m.
<b>Operating income</b>	<b>17,954</b>	<b>17,132</b>	<b>+ 4.8%</b>	<b>4,436</b>	<b>+ 0.0%</b>



# Group results

## Operating costs

Group's operating costs in 2021 were equal to €9,797 million, stable when compared to 2020 (by -0.0% or up by 0.1% at constant exchange rates), mainly thanks to the continuation of the staff resizing initiatives and the constant control of the administrative expenses, which allowed the full compensation of both the increase of the variable component of the staff expenses, related to the positive economic performance of the Group, and the higher costs for IT projects.

In detail, the staff expenses of 2021 were €6,022 million, increasing by 0.9% compared with prior year (up by 1.0% at constant exchange rates). This result, mainly explained by the normalization of the variable component of the staff expenses, benefited however from the positive effects generated by the dynamic of employee's reduction, characterised by a drop of 3,536 FTEs (equivalent to a drop of 2,763 FTEs average) compared to 2020, and equal to a decrease of 4.3%. Secondly, the staff expenses of 2021 benefited as well from the positive impact deriving from the voluntary offer of capitalization of pension liabilities (Defined Benefit Obligations) carried out in Austria and Italy during the year.

The other administrative expenses in 2021 amounted to €3,190 million, down by €26 million in comparison with prior year (down by 0.8% or down by 0.7% at constant exchange rates). The internal dynamic of the other administrative expenses has shown a substantial decreasing of the Covid-19 pandemic related costs which characterised 2020 and of the credit recovery expenses, the latter thanks to the non-performing exposures portfolio rundown actions. Expenses related to personnel continued to benefit from a decreasing trend, both as an effect of further staff reductions and of the protraction of the restrictive policies adopted by the Group during last year to counterbalance the Covid-19 (particularly related to travel expenses). Decreasing year over year are also the real estate expenses (which in Italy benefited as well from branch closure) and the consulting expenses, thanks to further optimization initiatives. All these savings have more than offset the higher IT expenses related to new projects and undertaken initiatives.

The expense recoveries in 2021 amounted to €548 million, increasing when compared to the €523 million of last year (up by 4.7%), mainly thanks to higher recoveries of indirect taxes.

Finally, in 2021 were accounted write-downs on tangible and intangible assets for €1,133 million, essentially stable in comparison to the €1,137 million posted of 2020 (down by €5 million or by 0.4%). It should be noted that the aforementioned write-downs consist mainly of amortizations.

### Operating costs

	YEAR		% CHANGE	2021 Q4	% CHANGE ON Q3 2021
	2021	2020			
Payroll costs	(6,022)	(5,968)	+ 0.9%	(1,532)	+ 1.1%
Other administrative expenses	(3,190)	(3,215)	- 0.8%	(804)	+ 2.7%
Recovery of expenses	548	523	+ 4.7%	150	+ 11.6%
Write downs of tangible and intangible assets	(1,133)	(1,137)	- 0.4%	(286)	+ 0.2%
<b>Operating costs</b>	<b>(9,797)</b>	<b>(9,797)</b>	<b>- 0.0%</b>	<b>(2,472)</b>	<b>+ 0.9%</b>

(€ million)

Thanks to the sustained revenues recovery and to the continuous expenses control, the Group gross operating profit of €8,158 million showed an increase of 11.2% in comparison to the last year (up by 11.1% at constant exchange rates).

The cost income ratio decreased to 54.6%, showed an improvement of 2.6 percentage points compared 2020.

## Net write-downs on loans and provisions for guarantees and commitments

Net write-downs on loans and provisions for guarantees and commitments of the Group in 2021 amounted to €1,634 million, compared to €4,996 million of 2020 (down by 67.3% or down by 67.3% at constant exchange rates).

Such trend was positively impacted by the dynamic of the non-performing loans portfolio, with Italy being able to benefit from lower flows to default and Germany which recorded recoveries on Corporate counterparties; at the same time, €131 million of writebacks were recognized following the update of the IFRS9 macro-economic scenario; particularly recoveries were booked in the second quarter of 2021, while in the fourth quarter the bank adopted a managerial overlay to grant a substantial neutrality from the impact of the macro-economic scenario update, in light of the uncertainty linked to the pandemic evolution.

On top to the update of the macroeconomic scenario, the amount of net loan loss provisions at 31 December 2021 has been affected by the following elements:

- extension of the portfolios evaluated under IFRS9 selling scenarios, by means of the inclusion of the "Core" unlikely-to-pay and exclusion of the

## Group results

non "Core" illiquid bad loans (lead back within the ordinary management), that - jointly to the update of the prizes used for evaluation purposes - has determined the booking of net write-down equal to €208 million;

- adoption of methodological interventions with impact on the classification of the credit exposures among credit risk stages foreseen by IFRS9, aimed at further increasing the timeliness of Stage 2 classification for positions characterized by significant increase in credit risk and, at the same time, reducing the volatility of migration of the classification among difference Stages of risk; such actions have generated the booking of write-down for €438 million;
- introduction of management overlay in the calculation of the expected credit loss - applied in specific geographies in light of local economies peculiarities and of the persistent uncertainty linked to the pandemic/that has determined the booking of write-down for €119 million;
- IRB models changes for the computation of PD and LGD, consistently with the EBA Guidelines on the PD estimation, LGD estimation and the treatment of defaulted assets; though such models - in some countries where Group operates - will be deployed in 2022, related effects have been recognized already at 31 December 2021 in coherence with "forward looking" approach foreseen by IFRS9 principle, generating the booking of write-downs for €142 million.

With reference to the credit portfolios under moratoria, part of the Corporate counterparties (ex Art.56 of the Decreto Legge 18/2020) with moratoria under expiration on 30 June 2021 has requested the extension up to year end (opt-in). At 31 December 2021, moratoria in Italy amount at €7,105 million; of which, circa €6,000 million have been object of extension (opt-in) and will expire starting from 1 January 2022, cumulating to the amount of already expired moratoria at 31 December 2021 equal to €13,195 million. With reference to the connected evaluation themes, it is highlighted the following:

- with reference to the exposures (opt-in) in Italy, an adjustment has been introduced - with impact in terms of write-downs on credit for €153 million, in order to consider the risk of potential credit losses that might arise after the expiration of the moratoria; the adjustment is based on: (i) classification of the exposure in Stage 2, assuming that such counterparties incorporate an intrinsically higher potential risk of default given the explicit request of prorogation; (ii) setting of the average coverage ratio of the portfolio at least to the average coverage ratio of the Stage 2 reported at March 2020 (before the deployment of the Covid-19 pandemic effects), thus recognizing a level of coverage more representative of the riskiness of Stage 2 portfolio in ordinary conditions;
- furthermore, a PD flooring measure has been introduced in order to limit spurious improvements of the risk profile likely expected to be linked to the mere effect of payment suspension/re-scheduling more than to the effective improvements of the clients' fundamentals. The measure, applied on Corporate and Retail Italian portfolios and on Hungarian Retail one (i.e. the two geographies with portfolios under moratoria), has determined an impact in terms of credit write-downs for €68 million;
- finally, an Unlikely-To-Pay assessment has been done on the riskiest opt-in moratoria exposures, with an impact in terms of credit write-downs for €160 million; particularly, on top to the direct classification to unlikely-to-pay: (i) all transactions of clients under opt-in moratoria have been migrated to Stage 2 and their coverage ratio aligned to the pre-crises level; (ii) for all Clients with worst rating classes, an additional coverage consistent with expectation of potential migration to default has been recognized.

Additionally, it is pointed out that at 31 of December 2021, all "moratorium" loans in Germany and Austria are expired.

For additional details refer to the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk - Qualitative information, 2.3 Measurement methods for expected losses.

The cost of risk of 2021 was of 37 basis points, in comparison to the 105 basis points of 2020.

In details, Italy shows a cost of risk of 55 basis points, improving by 81 basis points compared to prior year. Germany recorded 9 basis points, improving by 46 basis points compared with prior year, while Central Europe recorded 30 basis points, improving by 39 basis points compared to 2020, with Austria at 27 basis points of cost of risk signaling an improvement of 36 basis points year over year. Lastly, Eastern Europe shows a cost of risk equal to 71 basis points, dropping by 118 basis points compared to prior year.

The Group gross impaired loans as at 31 December 2021 amounted to €16.3 billion, in sharp decline (€5.0 billion) compared to the €21.2 billion of 31 December 2020 driven by the effect of the realised disposals, by the classification to activities under disposal of loans portfolios related to leasing legal entities in Italy, Germany and Slovenia and by other actions carried out for the purpose of risk reduction.

Thanks to this reduction, the gross non-performing loans on total loans ratio improved from 4.55% of December 2020 to 3.61% of December 2021.

Gross bad exposure stock amounted to €4.5 billion, decreasing by €3.1 billion compared to December 2020 (€7.6 billion), benefiting from the disposals, the classification to activities under disposal, the write-offs and the recoveries carried out during the year.

The Group coverage ratio of the gross non-performing loans as at 31 of December 2021 was 54.01%, decreasing in comparison to the 59.85% (down by 5.8 percentage points) of December 2020, affected firstly by the lower weight of NPE loans (characterised by a higher coverage rate) on total gross impaired loans, and secondly by the positive evolution of the non-performing loans portfolio quality, also following the disposals and closures realised during the current year.

# Group results

## Loans to customers - Asset quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL NON-PERFORMING	PERFORMING	TOTAL LOANS
<b>As at 12.31.2021<sup>(*)</sup></b>						
Gross exposure	4,495	10,927	845	16,268	434,434	450,702
as a percentage of total loans	1.00%	2.42%	0.19%	3.61%	96.39%	
Writedowns	3,374	5,091	321	8,787	4,371	13,158
as a percentage of gross value	75.06%	46.59%	38.02%	54.01%	1.01%	
Carrying value	1,121	5,836	524	7,481	430,063	437,544
as a percentage of total loans	0.26%	1.33%	0.12%	1.71%	98.29%	
<b>As at 12.31.2020<sup>(*)</sup></b>						
Gross exposure	7,613	12,874	759	21,246	446,157	467,403
as a percentage of total loans	1.63%	2.75%	0.16%	4.55%	95.45%	
Writedowns	5,967	6,492	256	12,716	4,138	16,853
as a percentage of gross value	78.39%	50.43%	33.70%	59.85%	0.93%	
Carrying value	1,645	6,381	503	8,530	442,019	450,550
as a percentage of total loans	0.37%	1.42%	0.11%	1.89%	98.11%	

**Note:**

(\*) Total loans to customers exclude the receivables arising from subleases recognised due to the application of IFRS16.

Figures and ratios presented do not include loans to customers classified as non-current assets held for sale. By including these exposures belonging to Legal entities classified as held for sale as at 31 December 201 (mainly UniCredit Leasing S.p.A. and its subsidiary, UniCredit Leasing GMBH and UniCredit Leasing, Leasing, D.O.O.), the ratio between gross value of NPE loans and total gross loans moves from 3.61% to 3.79% while the ratio of write-downs on NPE gross exposure (coverage ratio) moves from 54.01% to 53.89%.

## From net operating profit to profit before tax

The improvement of the gross operating profit (equal to €8,158 million in 2021) and the decrease of the net write-downs on loans and on provisions for guarantees and commitments (equal to a negative of €1,634 million) have resulted in a Group's net operating profit of €6,524 million, increasing by €4,185 million compared to 2020.

Group's provisions for risk and charges were at a negative of €1,386 million, increasing in comparison to the negative amount of €1,055 million of 2020.

This item includes provisions for legal cases and estimated liabilities of various nature totaling a negative amount of €349 million, in addition to the systemic charges, amounting to a negative of €1,037 million. The latter include the contributions to the Single Resolution Fund (SRF), the harmonized guarantees schemes charges (Deposits Guarantee Scheme - DGS) and the non-harmonized ones, as well as the Bank Levies.

Integration costs in 2021 were at a negative amount of €1,337 million, of which a negative amount of €1,023 million are severance costs connected to the new Strategic Plan "UniCredit unlocked" in Italy, Germany and Central Europe. This amount is comparable with the negative amount of €1,464 million recorded in 2020 when, in the first half of the year, were accounted the severance charges for the Italian perimeter personnel related to "Team 23" plan, amounting to a negative amount of €1,347 million.

Net income from investments in 2021 was at a negative of €2,565 million, in comparison to the negative of €1,365 million recorded last year. The 2021 amount was mainly impacted by the negative amount of €554 million related to the classification as under disposal of the Leasing business; an additional negative amount of €155 million derived from the sale on the market of 2% of the participation in Yapi Ve Kredi Bankasi A.S., mainly stemming from the recognition on the income statement of the negative FX reserve connected and a negative amount of €1,537 million was originated by the deconsolidation of the remaining quota of 18%, as a consequence of the loss of significant influence resulting from the withdrawal of the 2 UniCredit representatives from the Board of Directors of Yapi which determined the recognition on the income statement of the negative FX reserve.

The results of 2020 were negatively impacted mainly by €1,576 million related to the sales of 20,95% of Yapi Ve Kredi Bankasi A.S. and the resulting unwinding of Joint Venture agreements with Koç Financial Services and positively impacted by €516 million of capital gains connected with Real estate disposal in Germany

As an effect of the items mentioned above, in 2021 the Group registered a profit before tax of €1,236 million, compared to a loss of €1,546 million of 2020.



# Group results

## Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING COSTS	NET WRITE- DOWNS ON LOANS AND PROVISIONS	NET OPERATING PROFIT	PROFIT BEFORE TAX YEAR	
					2021	2020
Italy	8,415	(3,997)	(1,033)	3,385	1,988	(612)
Germany	4,454	(2,692)	(118)	1,645	521	996
Central Europe	3,007	(1,664)	(261)	1,081	548	282
Eastern Europe	2,357	(1,013)	(281)	1,063	939	401
Group Corporate Centre	(223)	(357)	(3)	(583)	(2,629)	(2,273)
Non Core	(56)	(74)	61	(68)	(132)	(339)
<b>Group Total</b>	<b>17,954</b>	<b>(9,797)</b>	<b>(1,634)</b>	<b>6,524</b>	<b>1,236</b>	<b>(1,546)</b>

## Profit (Loss) attributable to the Group

In 2021, the Group's income taxes line resulted in a positive amount of €330 million, in comparison to the negative amount of €344 million in 2020; the amount of the current year was positively impacted by €1,164 million connected to the registration of new deferred tax assets from tax losses carried forward, consequences of the update of the sustainability test on the base of the new projections of the "UniCredit unlocked" Strategic Plan, approved by the Board of Directors (BoD) on 8 December 2021 meeting and presented to the market on the next day. Other taxes, on the other hand, are negative, reflecting overall the higher profitability achieved by the Group in 2021, net of non-recurring items that are not tax deductible.

Profit from discontinued operations net of taxes in 2021 was €4 million, compared to the €49 million of last year.

The profit for the period of 2021 was €1,570 million, in comparison to the loss of €1,842 million of 2020.

Minorities, conventionally exposed with negative sign, were at -€30 million compared to -€7 million of the prior year.

Purchase price allocation was at a negative of €1 million, compared to a negative of €50 million in 2020. The amount accounted in 2020 is almost entirely (a negative of €49 million) related to non-recurring revenues from the real estate sale in Germany.

Consequently, in 2021 the net profit attributable to the Group amounted to €1,540 million, compared to the loss of €2,785 million of 2020. Net of non-recurring items, the Group achieved a profit underlying of €3,900 million, compared to €1,264 million of 2020.

## Profit (Loss) attributable to the Group

(€ million)

	YEAR		% CHANGE	2021 Q4	% CHANGE ON Q3 2021
	2021	2020			
<b>Operating income</b>	<b>17,954</b>	<b>17,132</b>	<b>+ 4.8%</b>	<b>4,436</b>	<b>+ 0.0%</b>
Operating costs	(9,797)	(9,797)	- 0.0%	(2,472)	+ 0.9%
<b>Operating profit (loss)</b>	<b>8,158</b>	<b>7,335</b>	<b>+ 11.2%</b>	<b>1,963</b>	<b>- 1.1%</b>
Net write-downs on loans and provisions for guarantees and commitments	(1,634)	(4,996)	- 67.3%	(810)	n.m.
<b>Net operating profit (loss)</b>	<b>6,524</b>	<b>2,339</b>	<b>n.m.</b>	<b>1,153</b>	<b>- 31.7%</b>
Other charges and provisions	(1,386)	(1,055)	+ 31.4%	(274)	+ 40.7%
Integration costs	(1,337)	(1,464)	- 8.7%	(1,327)	n.m.
Net income from investment	(2,565)	(1,365)	+ 87.9%	(2,325)	n.m.
<b>Profit (Loss) before tax</b>	<b>1,236</b>	<b>(1,546)</b>	<b>n.m.</b>	<b>(2,772)</b>	<b>n.m.</b>
Income tax for the period	330	(344)	n.m.	1,338	n.m.
Profit (Loss) from non-current assets held for sale, after tax	4	49	- 92.2%	2	n.m.
<b>Profit (Loss) for the period</b>	<b>1,570</b>	<b>(1,842)</b>	<b>n.m.</b>	<b>(1,432)</b>	<b>n.m.</b>
Minorities	(30)	(7)	n.m.	(8)	- 24.6%
<b>Net profit (loss) attributable to the Group before PPA</b>	<b>1,540</b>	<b>(1,849)</b>	<b>n.m.</b>	<b>(1,439)</b>	<b>n.m.</b>
Purchase Price Allocation effects	(1)	(50)	- 98.6%	-	n.m.
Goodwill impairment	-	(886)	- 100.0%	-	n.m.
<b>Net profit (loss) attributable to the Group</b>	<b>1,540</b>	<b>(2,785)</b>	<b>n.m.</b>	<b>(1,439)</b>	<b>n.m.</b>

# Group results

## Capital and value management

### Principles of value creation and capital allocation

In order to create value for the shareholders, the Group's strategic guidelines aim at optimising the composition of the business portfolio. This goal is pursued through a process of capital allocation to each business line in relation to its specific risk profile and ability to generate sustainable earnings measured as EVA (Economic Value Added), which is the main performance indicator linked to TSR (Total Shareholder Return). The capital allocated to business segments is quantified applying internal capitalisation targets to regulatory capital requirements (Regulatory Capital).

The development of Group operations with a view to value creation requires a process of allocating and managing capital governed by different phases in the process of planning and control, articulated as:

- formulation of the proposed risk propensity and capitalisation targets;
- analysis of the risks associated with the value drivers and resulting allocation of capital to the business lines and to the Business Units;
- assignment of performance targets in line with risk;
- analysis of the impact on the Group's value and of the creation of value for shareholders;
- drafting and proposal of the financial plan, capital plan and dividend policy.

The Group dynamically manages its capital base by monitoring regulatory capital ratios, anticipating the appropriate changes necessary to achieve its defined targets, and optimising the composition of its assets and equity. Planning and monitoring refer, on the one hand, to the total Own Funds (Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital), TLAC and Leverage Ratio and, on the other hand, to the Risk-Weighted Assets (RWAs). The Risk-Weighted Assets, for portfolios managed using the internal advanced models, do not only depend on the nominal value of the assets but also on the relevant credit parameters. Besides volume dynamics, it is also crucial to monitor and forecast the change in the asset quality of the portfolio in view of the macroeconomic scenario (the so-called pro-cyclical effect).

Following the financial crisis that unfolded in 2007-2008, the European Union implemented a substantial reform of the financial services regulatory framework to enhance the resilience of its financial institutions. This reform was largely based on international standards agreed in 2010 by the Basel Committee on Banking Supervision, known as the Basel 3 framework. Among its many measures, the reform package included the adoption of Regulation (EU) 575/2013 of the European Parliament and of the Council and Directive 2013/36/EU of the European Parliament and of the Council, which strengthened the prudential requirements for credit institutions and investment firms.

These rules have been modified by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (so-called CRR2), amending Regulation (EU) 575/2013 and by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (so-called CRD V), amending Directive 2013/36/EU.

## Capital ratios

### Transitional own funds and capital ratios

	AS AT	
	12.31.2021 <sup>(*)</sup>	12.31.2020 <sup>(*)</sup>
Common Equity Tier 1 Capital	50,933	51,971
Tier 1 Capital	57,780	59,321
Total own funds	64,850	67,464
Total RWA	321,992	325,665
<b>Common Equity Tier 1 Capital Ratio</b>	<b>15.82%</b>	<b>15.96%</b>
<b>Tier 1 Capital Ratio</b>	<b>17.94%</b>	<b>18.22%</b>
<b>Total Capital Ratio</b>	<b>20.14%</b>	<b>20.72%</b>

#### Notes:

(\*) Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.

Furthermore, starting from 30 June 2020, UniCredit group has decided to apply the IFRS9 transitional approach as reported in article 473a of the Regulation (UE) 873/2020 that amends the Regulation (EU) 575/2013 and Regulation (EU) 876/2019. Therefore, the values here reported reflect the impact of the transitional arrangements provisioned in such Regulation.

The negative change with respect to 31 December 2020, equal to €1.0 billion on Common Equity Tier 1 Capital, mainly reflects: (i) the higher deduction for €1.2 billion on deferred tax assets that rely on future profitability and do not arise from temporary differences, resulting from the Deferred Tax Assets sustainability test related to tax losses carry forward (TLCF) of the Italian tax perimeter carried out in the fourth quarter 2021; (ii) negative effect of the deduction for €831 million connected to the "First Buy-Back Programme" (€179 million) and "Second Buy-Back Programme" (€652 million); (iii) the higher deduction for €473 million connected to the exceedance of the 17.65% of Common Equity Tier 1 Capital after applying

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the adjustments and deductions in CRR articles 32 to 36 in full in comparison with the deferred tax assets that rely on future profitability and arise from temporary differences summed up to the direct, indirect and synthetic holdings detained by UniCredit S.p.A. in financial sector entities in which UniCredit S.p.A. has a significant investments; (iv) negative change due to the payment of coupons on AT1 equity instruments for €343 million; (v) other negative impacts for €0.38 billion mainly driven by the additional deduction of CET1 Capital due to article 3 of CRR, in accordance with ECB guidance to banks on nonperforming loans; partially offset by (vi) positive change in revaluation reserve for €1,822 million mainly due to the disposal of the 2% in the Market of the stake in Yapi Ve Kredi Bankasi A.S. and the deconsolidation of the 18% following the loss of UniCredit's significant influence over Yapi Ve Kredi Bankasi A.S. (such events implied the recycle, mostly through P&L, of the related reserves, basically referred to exchange rate differences on Turkish Lira); (vii) the profit of 2021 (equal to €1,540 million), net of dividends for €1,170 and of €4 million of social and charity initiatives, computed for €366 million.

With reference to the Total Own Funds, the negative change with respect to 31 December 2020, equal to €2.6 billion, reflects in addition to the effects on Common Equity Tier 1 Capital negative for €1.0 billion, the additional negative effects for €1.6 billion mainly deriving from: (i) negative effect on Additional Tier 1 Capital deriving from the authorization received by the competent authority to early redeem the Capital instrument XS1107890847 (computable amount equal to €991 million); (ii) negative effect on Tier 2 Capital deriving from the authorization received by the competent authority to early redeem instrument XS1426039696 (computable amount €748 million); (iii) negative impact for €625 million that considers the effects of IFRS9 transitional adjustments and referred to the re-calculation of the excess of the credit risk adjustments included in Tier 2 Capital; (iv) the new issuance of one subordinated instrument classified in Additional Tier 1 Capital for €744 million.

The minimum capital requirements applicable to the Group as at 31 December 2021 in coherence with CRR article 92 are the following (Pillar 1):

- Common Equity Tier 1 Capital: **4.50%**
- Tier 1 Capital: **6.00%**
- Total Capital: **8.00%**

In addition to such requirements, for 2021 the Group shall also meet the following additional requirements:

- **1.75%**, as Pillar 2 Requirements in coherence with SREP results;
- **2.50%**, as Capital Conservation buffer (CCB) according to CRDIV article 129;
- **1.00%**, as Global Systemically Important Institutions (G-SII) buffer<sup>6</sup>;
- **0.05%**, as Countercyclical Capital buffer<sup>7</sup> (CCyB) according to the CRDIV article 130, to be calculated on a quarterly basis.

As at 31 December 2021, the Group shall meet the following overall capital requirements:

- Common Equity Tier 1 Capital: **9.03%**
- Tier 1 Capital: **10.86%**
- Total Capital: **13.30%**

Here below a scheme of the UniCredit group capital requirements and buffers which also provides evidence of the "Total SREP Capital Requirement" (TSCR) and the "Overall Capital Requirement" (OCR) related to the outcome of the SREP process held in 2020 and applicable for 2021.

The scheme reflects the application of article 104a.4 of CRDV, that allows banks to partially use capital instruments that do not qualify as CET1 capital (e.g. Additional Tier 1 or Tier 2 instruments) to meet the Pillar 2 Requirements (P2R).

## 2021 Capital requirements and buffers for UniCredit group

REQUIREMENT	CET1	T1	TOTAL CAPITAL
<b>A) Pillar 1 Requirements</b>	<b>4.50%</b>	<b>6.00%</b>	<b>8.00%</b>
<b>B) Pillar 2 Requirements</b>	<b>0.98%</b>	<b>1.31%</b>	<b>1.75%</b>
<b>C) TSCR (A+B)</b>	<b>5.48%</b>	<b>7.31%</b>	<b>9.75%</b>
<b>D) Combined capital buffer requirement, of which:</b>	<b>3.55%</b>	<b>3.55%</b>	<b>3.55%</b>
1. Capital Conservation buffer (CCB)	2.50%	2.50%	2.50%
2. Global Systemically Important Institution buffer (G-SII)	1.00%	1.00%	1.00%
3. Institution-specific Countercyclical Capital buffer (CCyB)	0.05%	0.05%	0.05%
<b>E) OCR (C+D)</b>	<b>9.03%</b>	<b>10.86%</b>	<b>13.30%</b>

<sup>6</sup> It should be noted that UniCredit group was identified by the Banca d'Italia as an O-SII authorized to operate in Italy, and it has to maintain a CET1 capital buffer; such level is equal to 1.00% in 2021. Nevertheless, it is worth mentioning that according to the CRD IV article 131.14, the higher of the G-SII and the O-SII buffer will apply; hence, UniCredit group is subject to the application of 1.00% G-SII buffer for 2021.

<sup>7</sup> Amount rounded to two decimal numbers. With reference to 31 December 2021: (I) countercyclical capital rates have generally been set at 0%, except for the following countries: Czech Republic (0.50%); Hong Kong (1.00%); Norway (1.00%); Slovakia (1.00%); Luxembourg (0.50%); Bulgaria (0.50%) (II) with reference to the exposures towards Italian counterparties, Banca d'Italia has set the rate equal to 0%.



## Group results

The above-mentioned requirements are the ones which are relevant for MDA purposes for UniCredit group as at 31 December 2021.

As at 31 December 2021, UniCredit group's ratios are compliant with all the above requirements.

The consolidated net profit as at 31 December 2021, equal to €1,540 million, is recognised in the Own Funds for €366 million, resulting after the cash distributions approved by the Board of Directors €1,170 million to cash dividends and for €4 million to social and charity initiatives. Shareholders' remuneration consists of a cash dividend for €1,170 million, equal to circa 30% of the Underlying Group Net Profit, and of Share Buy Backs (SBB) for €2,580 million, for a total amount of €3,750 million.

Considering that the SBB component is subject to authorizations, the Own Funds deduction in the fourth quarter 2021 does not include such amount, but only the cash component (€1,170 million), further to €4 million for social and charity initiatives.

As at 31 December 2021, UniCredit group's Common Equity Tier 1 Capital ratio, excluding the benefits from transitional arrangements (so-called Fully Loaded), stands at 15.03% while Common Equity Tier 1 Capital ratio pro-forma for the Share Buy Backs (subject to authorizations and to be executed in 2022) stands at 14.13%.

### Capital strengthening

During 2021 UniCredit S.p.A. carried out the following transactions on Additional Tier 1 instruments (so-called "Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resetable Notes") recognised in the "Equity Instruments" of Shareholders' Equity:

- on 30 June 2021 UniCredit S.p.A. placed an issue of equity instruments Additional Tier 1 with settlement date 7 July 2021, for a total amount of €750 million (gross of charges) targeted to institutional investors to continue strengthening its regulatory capital, taking advantage of the positive market window. The issue contributed to improve the Tier 1 ratio and completed the 2021 UniCredit's funding plan for these instruments. The securities are perpetual (with maturity linked to corporate duration of UniCredit S.p.A.) and may be called by the Issuer on any calendar day during the six-month period commencing on 3 December 2027 and ending on 3 June 2028 and thereafter on any interest payment date, subject to Regulatory approval. Notes pay fixed rate coupons of 4.45% per annum up to June 2028 on a semi-annual basis; if not called, coupon will be reset every 5 years to the aggregate of the then 5-Years Mid-Swap rate plus 460.6 basis points, calculated on an annual basis and then converted to a semi-annual rate in accordance with market conventions. In line with the regulatory requirements, the coupon payments are fully discretionary;
- on 10 September 2021 UniCredit S.p.A. exercised at the first call date its option to early redeem in whole the Additional Tier 1 instruments issued in 2014 in accordance with the relevant terms and conditions of the securities; the notes called up for a total amount of €1,000 million (gross of charges) have been redeemed at par, together with accrued and unpaid interests.

For additional information concerning shares capital changes and dividends pay-out of the year, both cash and through share buy-back programmes, refer to chapter "Group and UniCredit share historical data series" of this Consolidated report on operations.

# Group results

## Shareholders' equity attributable to the Group

The Shareholders' equity of the Group, including the result for the year equal to +€1,540 million, amounted to €61,628 million as at 31 December 2021, compared to €59,507 million as at 31 December 2020.

The following table shows the main changes occurred in 2021.

### Shareholders' equity attributable to the Group

	(€ million)
<b>Shareholders' equity as at 31 December 2020</b>	<b>59,507</b>
Dividends distributed	(268)
Equity instruments <sup>(*)</sup>	(246)
Share buyback <sup>(**)</sup>	(378)
Change in reserve related coupon on AT1 instruments	(343)
Change in the valuation of hedging for financial risks	(314)
Change in the valuation reserve relating to the financial assets and liabilities at fair value	(208)
Change in the valuation reserve relating to the actuarial gains/losses on defined benefit plans <sup>(***)</sup>	214
Change in the valuation reserve tangible assets <sup>(****)</sup>	246
Exchange differences reserve <sup>(*****)</sup>	285
Change in the valuation reserve of the companies accounted for using the equity method <sup>(*****)</sup>	1,604
Other changes	(11)
Profit (loss) for the year	1,540
<b>Shareholders' equity as at 31 December 2021</b>	<b>61,628</b>

#### Notes:

(\*) The amount is referred to +€744 million AT1 equity instrument issue and -€990 million anticipated redemption of AT1 equity instrument issued in 2014, both net of fees.

(\*\*) Composed by shares buyback, consequently cancelled, for -€179 million in execution of the "First Buy-Back Programme 2021" and for -€199 million representing the amount of purchases performed till 31 December 2021 in execution of the "Second Buy-Back Programme 2021".

(\*\*\* Mainly referred to the increase in DBO discount rate induced by the reduction in prices of High Quality Corporate Bonds partially offset by plan assets performance.

(\*\*\*\* Mainly referred to the alignment between tax values of tangible assets and higher accounting values, for further information refer to the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part C - Income statement, Section 19 - Tax expenses (income) for the period from continuing operations - Item 270.

(\*\*\*\*\* This effect is mainly due to the impact of Russian Ruble for +€154 million and of Czech Crown for +€147 million.

(\*\*\*\*\* The change in the valuation reserve of the companies accounted for using the equity method is mainly due to the following transactions related to the 20% stake in Yapi Ve Kredi Bankasi A.S. (YK): (i) the disposal of the 2% in the Market; (ii) deconsolidation of the 18% following the loss of UniCredit's significant influence over YK (and the consequent recognition of a financial instrument in financial assets measured at fair value through profit or loss); such events implied the recycle - mostly through P&L - of the related reserves, basically referred to exchange rate differences on Turkish Lira.

For further information, refer to section Consolidated accounts - Statement of changes in the consolidated shareholders' equity.

## Reconciliation parent company UniCredit S.p.A. - Consolidated accounts

The following table reconciles the Parent Company's shareholders' equity and Net profit to the corresponding consolidated figures.

### Reconciliation of parent company UniCredit S.p.A. to Consolidated accounts

	SHAREHOLDERS' EQUITY	(€ million) of which: NET PROFIT
<b>Balance as at 31 December 2021 of parent company UniCredit S.p.A.</b>	<b>59,265</b>	<b>10,366</b>
Consolidated contribution:	2,410	(7,162)
- fully consolidated subsidiaries	479	(5,861)
- investments valued at equity method	1,931	(1,301)
Reverse of ordinary dividends approved in the period:	-	(1,197)
- fully consolidated subsidiaries	-	(1,065)
- investments valued at equity method	-	(132)
Other consolidation adjustments	418	(437)
<b>Balance as at 31 December 2021 (minorities included)</b>	<b>62,093</b>	<b>1,570</b>
of which Group	61,628	1,540
of which minorities	465	30

# Group results

## Contribution of the sector of activity to the results of the Group

For the description of the organizational structure, refer to Notes to consolidated account, Part L - Segment reporting.

### Italy

#### Income statement, key ratios and indicators

(€ million)

ITALY	YEAR		% CHANGE	2021 Q4	% CHANGE ON Q3 2021
	2021	2020			
Operating income	8,415	8,088	+ 4.0%	2,021	- 1.6%
Operating costs	(3,997)	(4,001)	- 0.1%	(989)	- 0.5%
Net write-downs on loans and provisions for guarantees and commitments	(1,033)	(2,891)	- 64.3%	(356)	+ 72.2%
Net operating profit	3,385	1,196	n.m.	675	- 20.8%
Profit before tax	1,988	(612)	n.m.	(201)	n.m.
Customers loans (net Repos and IC)	157,514	167,810	- 6.1%	157,514	- 5.7%
Customers depos (net Repos and IC)	199,123	190,594	+ 4.5%	199,123	+ 5.6%
Total RWA Eop	125,751	131,198	- 4.2%	125,751	- 0.8%
EVA (€ million)	674	(942)	n.m.	26	- 82.2%
Absorbed Capital (€ million)	14,855	16,916	- 12.2%	14,900	- 0.9%
ROAC	+ 17.4%	- 4.7%	+ 22.1 p.p.	+ 23.2%	+ 10.4 p.p.
Cost/Income	47.5%	49.5%	- 2.0 p.p.	49.0%	0.6 p.p.
Cost of Risk	55 bps	137 bps	- 81 bps	79 bps	35 bps
Full Time Equivalent (eop)	28,721	30,429	- 5.6%	28,721	- 3.2%

### Germany

#### Income statement, key ratios and indicators

(€ million)

GERMANY	YEAR		% CHANGE	2021 Q4	% CHANGE ON Q3 2021
	2021	2020			
Operating income	4,454	4,092	+ 8.9%	1,128	+ 4.6%
Operating costs	(2,692)	(2,719)	- 1.0%	(668)	+ 2.9%
Net write-downs on loans and provisions for guarantees and commitments	(118)	(728)	- 83.8%	(93)	+ 73.7%
Net operating profit	1,645	645	n.m.	366	- 2.3%
Profit before tax	521	996	- 47.6%	(438)	n.m.
Customers loans (net Repos and IC)	125,509	120,795	+ 3.9%	125,509	+ 3.1%
Customers depos (net Repos and IC)	131,756	133,973	- 1.7%	131,756	- 4.5%
Total RWA Eop	81,973	78,606	+ 4.3%	81,973	+ 2.8%
EVA (€ million)	50	(713)	n.m.	72	n.m.
Absorbed Capital (€ million)	9,455	10,488	- 9.8%	9,431	- 1.2%
ROAC	+ 3.1%	+ 5.2%	- 2.1 p.p.	- 12.1%	- 21.6 p.p.
Cost/Income	60.4%	66.4%	- 6.0 p.p.	59.3%	- 1.0 p.p.
Cost of Risk	9 bps	55 bps	- 46 bps	30 bps	13 bps
Full Time Equivalent (eop)	11,282	11,937	- 5.5%	11,282	- 1.6%



# Group results

## Central Europe

### Income statement, key ratios and indicators

(€ million)

CENTRAL EUROPE	YEAR		% CHANGE	2021 Q4	% CHANGE ON Q3 2021
	2021	2020			
Operating income	3,007	2,817	+ 6.7%	763	+ 0.0%
Operating costs	(1,664)	(1,633)	+ 1.9%	(431)	+ 3.4%
Net write-downs on loans and provisions for guarantees and commitments	(261)	(598)	- 56.3%	(170)	n.m.
Net operating profit	1,081	586	+ 84.6%	162	- 50.2%
Profit before tax	548	282	+ 94.2%	(238)	n.m.
Customers loans (net Repos and IC)	92,543	84,516	+ 9.5%	92,543	+ 7.2%
Customers depos (net Repos and IC)	92,962	86,575	+ 7.4%	92,962	+ 5.3%
Total RWA Eop	56,787	49,969	+ 13.6%	56,787	+ 2.2%
EVA (€ million)	388	(306)	n.m.	84	- 37.2%
Absorbed Capital (€ million)	6,154	6,408	- 4.0%	6,572	+ 5.1%
ROAC	+ 7.5%	+ 3.8%	+ 3.7 p.p.	- 11.0%	- 27.6 p.p.
Cost/Income	55.3%	58.0%	- 2.6 p.p.	56.5%	1.8 p.p.
Cost of Risk	30 bps	69 bps	- 39 bps	76 bps	66 bps
Full Time Equivalent (eop)	10,665	11,072	- 3.7%	10,665	- 1.4%

## Eastern Europe

### Income statement, key ratios and indicators

(€ million)

EASTERN EUROPE	YEAR		% CHANGE	2021 Q4	% CHANGE ON Q3 2021
	2021	2020			
Operating income	2,357	2,361	- 0.2%	601	+ 2.2%
Operating costs	(1,013)	(1,012)	+ 0.1%	(262)	+ 3.5%
Net write-downs on loans and provisions for guarantees and commitments	(281)	(775)	- 63.8%	(164)	n.m.
Net operating profit	1,063	574	+ 85.1%	175	- 43.4%
Profit before tax	939	401	n.m.	138	- 51.3%
Customers loans (net Repos and IC)	40,676	37,829	+ 7.5%	40,676	+ 0.3%
Customers depos (net Repos and IC)	49,223	45,824	+ 7.4%	49,223	+ 2.0%
Total RWA Eop	36,787	36,489	+ 0.8%	36,787	- 1.7%
EVA (€ million)	243	(298)	n.m.	34	- 62.3%
Absorbed Capital (€ million)	4,185	4,816	- 13.1%	4,157	- 2.7%
ROAC	+ 16.0%	+ 5.3%	+ 10.7 p.p.	+ 8.6%	- 10.9 p.p.
Cost/Income	43.0%	42.9%	0.1 p.p.	43.6%	0.6 p.p.
Cost of Risk	71 bps	189 bps	- 118 bps	161 bps	135 bps
Full Time Equivalent (eop)	17,762	18,110	- 1.9%	17,762	- 0.8%

# Group results

## Non Core

### Income statement, key ratios and indicators

(€ million)

NON CORE	YEAR		% CHANGE	2021 Q4	% CHANGE ON Q3 2021
	2021	2020			
Operating income	(56)	(46)	+ 20.4%	(19)	+ 81.4%
Operating costs	(74)	(115)	- 36.0%	(15)	- 13.7%
Net write-downs on loans and provisions for guarantees and commitments	61	(1)	n.m.	(24)	n.m.
Net operating profit	(68)	(162)	- 58.1%	(58)	n.m.
Profit before tax	(132)	(339)	- 61.2%	(79)	n.m.
Customers loans (net Repos and IC)	194	775	- 74.9%	194	- 66.2%
Customers depos (net Repos and IC)	473	518	- 8.8%	473	- 5.5%
Net Impaired Loans (percentage of total net loans Non Core)	100.0%	100.0%	-	100.0%	-
Total RWA Eop	361	7,642	- 95.3%	361	- 92.8%
EVA (€ million)	(105)	(226)	- 53.5%	(41)	+ 17.2%
Absorbed Capital (€ million)	600	1,126	- 46.8%	315	- 48.0%
ROAC	- 8.0%	- 20.7%	+ 12.7 p.p.	- 45.1%	- 32.0 p.p.
Cost/Income	n.m.	n.m.	n.m.	n.m.	n.m.
Cost of Risk	- 972 bps	6 bps	- 978 bps	n.m.	n.m.
Full Time Equivalent (eop)	85	211	- 59.9%	85	- 52.5%

## Other information

### Report on corporate governance and ownership structure

Within the meaning of Art.123-bis par.3 of the Legislative Decree No.58 dated 24 February 1998, the "Report on corporate governance and ownership structure" is available in the "Governance" section of the UniCredit website (<https://www.unicreditgroup.eu>).

An explanatory chapter on the corporate governance structure is likewise included below in this document ("Corporate Governance").

### Report on remuneration

Pursuant to Art.123-ter of the Legislative Decree dated 24 February 1998 No.58 and of Art.84-quater, of the Consob Issuers' Regulations, the "Group Remuneration Policy and Report" is available on UniCredit's website (<https://www.unicreditgroup.eu>).

### Non-financial information

In recent years, society, the economy, employment and the way of doing business are being increasingly affected by multiple changes, also as a result of the pandemic. The acronym ESG (Environment, Social, Governance), little known until recently, is now at the heart of all we do. It cannot be denied that this long journey will encounter difficulties and obstacles. Financial players are growing knowledge and skills to afford unexpected events caused by ESG variables and the impact of their interactions. The high volatility related to the recent increase in price of gas, oil and raw materials we are experiencing is an example of the impacts such variables can have. Financial institutions will constantly be required to evaluate the trade-off between environmental impacts and social repercussions and strike the appropriate balance.

No transformation is without cost but, as with any investment, the return is spread over time: spend today to reap the rewards tomorrow. With a multiplier effect, finance and private savings flank the extraordinary booster of public spending and become the main agents of change in social and business models. It is within this logic that the UniCredit ESG strategy is inserted: starting from purpose and values, it is extensively applied to behaviours, actions and activities. UniCredit Unlocked, the new 2022-2024 Strategic Plan, announced during the Strategy Day on 9 December 2021, aims to put UniCredit back in the top tier of European banks, with sustainability being at the core.

The ambition is to create a bank for Europe's future. UniCredit is unlocking the potential and moving from retrenchment to renewal, towards an era of purpose, growth and value creation. UniCredit values are cultural cornerstones that guide in all actions and behaviours and are driven by the purpose, enabling to deliver on ambition and new business strategy. UniCredit wants to win the right way, by placing the values of integrity, caring and ownership at the heart of the decisions, and to do so together, one united team acting as true partners to different stakeholders, leading by example with sustainability embedded in culture.

The journey we embarked on, started in 2020, is to complete the ESG Strategy, further integrating all ESG factors in the Bank's strategy, core business and processes, looking at both risks and market opportunities and with a clear multi-stakeholder approach. UniCredit's conviction is that leading by example is the right thing to do embedding ESG in all that is done and bearing the associated cost of it. This is why the last step of the journey consisted in the finalization and external communication of UniCredit new ESG strategy to the stakeholders during the Strategy Day.

Step 1 - Starting point	Step 2 - Benchmark	Step 3 - Prioritization	Step 4 - ESG roadmap	Step 5 - ESG Strategy
Mapping of all ESG practices across the Group with shared effort across countries and functions	Identifying relative position versus peers and best practice	Prioritization of initiatives to cover gaps with a multi faceted approach	Definition of 20 key workstreams across the entire organization within the roadmap	Finalization and external communication of the ESG Strategy
Stakeholder engagement represented a key step in the definition of the new ESG Strategy, enabling to obtain stakeholders' opinions on UniCredit ambitions				

Embedding sustainability in all that we do is one of the five strategic imperatives of UniCredit Unlocked, built around UniCredit principles and beliefs and on four fundamentals:

- leading by example, striving for the same high standards sought in those doing business with;
- setting ambitious ESG goals to support customers' need for change;
- equipping themselves with tools to assist customers and communities in navigating the environmental and social transition, through strategic actions across building blocks;
- embracing and investing the resources needed to deliver and reach medium and long-term commitments to enable a more equal and sustainable society.



## Other information

The strategy reflects the ambition for positioning as a bank of reference on ESG issues. The new strategy is based on three guiding principles:

- to observe the highest possible standards to do the right thing both for clients and society;
- to be fully committed to supporting clients in a just and fair transition;
- to reflect and respect the views of stakeholders in business and decision-making processes.

At UniCredit, the importance of being purpose-driven global leaders is recognised. As financial sector player and as a bank, UniCredit is both part of the game and part of the solution: the bank can enable the future by financing the change and changing finance. UniCredit wants to maintain its leadership position in the ESG global framework, leading by example on ESG with concrete results and a positive impact on communities:

- reduced the Greenhouse Gas (GHG) emissions by 32% in 2021 vs. 2017 (market based) and by 63% (location based) vs. 2008;
- contributed to sustainable bonds origination for an apportioned quota of €12 billion of ESG-related League Table credit<sup>8</sup>;
- supported communities with €36m of contributions<sup>9</sup> in 2021. Issued €0.4 billion of microcredit and impact financing cumulated loans, reaching 3.7 million of direct and indirect beneficiaries.

UniCredit results are built on a strong diversity and inclusion framework, with 46% female representation in the Board, 40% in Group Executive Committee and 33% in the leadership team.

Success as a global sustainability leader is a result of a strong commitment and requires to set challenging targets against which performance must continuously be monitored. UniCredit has therefore decided to boost the agenda, reviewing the ESG targets set in 2019 and adopting new ones, announced at the Strategy Day in December 2021:

Cumulative ESG Volumes 22-24  €150 billion overall	ENVIRONMENTAL LENDING With bulk of the facilities to support clients in green transition	€25 billion New Production
	ESG INVESTMENT PRODUCTS More than 40% of 2024 AuM invested in ESG products	€65 billion AuM conversion towards ESG investments
	SUSTAINABLE BONDS Significant contribution to the origination of sustainable bonds coming from Recovery and Resilience Facility funds	€50 billion DCM Origination
	SOCIAL LENDING Expanding the scope of Social Lending to activities with high impact on society and disadvantaged areas	€10 billion New Production
Environmental footprint	NET ZERO on own emissions	by 2030
	NET ZERO on emissions for lending and investment portfolio	by 2050

UniCredit ESG Strategy is based on the implementation of key strategic actions across four main building blocks:

- partnering with customers for a just transition;
- supporting communities and Society;
- steering the behaviour with clear commitments;
- enriching risk and lending approach.

In October 2021 UniCredit joined the Net Zero Banking Alliance, aiming at aligning the lending and investment portfolios with net-zero emissions by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement. UniCredit is investigating the key pre-requisites necessary to navigate through all phases along the process to net zero. A dedicated task force has been set up to achieve this goal, with the aim to coordinate the task at Group Level, bringing together all the relevant skills and competencies. The bank looks forward to engaging with the clients to support them in their transition plans and accelerate action on climate.

UniCredit is the first Italian bank to sign the commitment to Financial Health and Inclusion, developed under the framework of the Principles for Responsible Banking, as further proof of the bank's strong social responsibility and dedication to building an inclusive economy for all stakeholders. Furthermore, in 2021 the CEO signed the CEO Champion Commitment "Towards the Zero Gender Gap": €100 million will be invested to ensuring equal gender pay, which means equal pay for equal jobs.

<sup>8</sup> Including Green, Social, Sustainability and Sustainability-linked bonds. All regions, all currencies. FY 2021. Source: Dealogic.

<sup>9</sup> Measured by the former London Benchmarking Group (LBG), now Business for Societal Impact (B4SI) reporting framework.

## Other information

Sustainable value is delivered to the stakeholders through four underlying drivers:

- governance model: which supports the implementation of UniCredit ESG strategy, promoting both clarity and accountability;
- targeted country approach: enabling each country to design a dedicated ESG plan which takes into account country-specific priorities;
- culture: putting the values of integrity, ownership and care at the heart of everything done, with diversity and inclusion remaining strategic assets, and employee engagement and training being UniCredit priorities;
- monitoring, reporting and disclosure: striving to invest in the deployment of an ESG IT Global architecture to manage all relevant ESG data, for several monitoring purposes, Multi-Year Plan ESG targets, Green Transition Financing, EU Taxonomy and Pillar III.

For a more detailed disclosure concerning the new ESG strategy and 2021 achievements, refer to the 2021 Integrated Report that is published on UniCredit website (<https://www.unicreditgroup.eu>), and that, pursuant to articles 3 and 4 of Legislative Decree 254/2016, constitutes the Non-financial Declaration. The report also includes the Simplified Disclosure according to Art.10 of the Delegated Act supplementing EU Taxonomy Regulation (2020/852), requiring to financial companies to disclose the eligibility KPIs from 1 January 2022 to 31 December 2023.

In terms of climate-related information, in November 2021 a separate document dedicated to disclosure aligned with TCFD (Task Force on Climate-related Financial Disclosures) recommendations has been issued. A new version will be released during 2022.

### Research and development projects

Research activities during 2021 were mainly focused on cryptography, streaming architectures and reinforcement learning.

- on cryptography our main topics were attribute-based, functional and homomorphic encryption. Attribute-based encryption was a key focus, implementing state-of-the-art schemes with application to authentication and secure messaging in Cloud- and Edge-computing designs;
- research on streaming architectures was meant to support the Kite project, which is based on an ecosystem of event-based service components;
- beside cryptography, an active area of research was reinforcement learning (meant to support the Heka project) with a view towards its application to suggestions and advanced interaction engines.

## Group activities development operations and other corporate transactions

### Transactions and initiatives involving shareholdings

#### Disposal of SIA UniCredit Leasing

Following the signing of the binding agreement in December 2019 and the obtainment of the relevant regulatory approvals, on 4 January 2021, UniCredit completed the disposal of SIA UniCredit Leasing and its subsidiary SIA UniCredit Insurance Broker to AS Citadele Banka.

The investment was classified among held for sale (IFRS5) as at 31 December 2020.

The transaction had a low single digit positive impact on the consolidated CET1 ratio. The intragroup funding has been fully reimbursed at closing.

#### Acquisition of the entire stake in Cordusio SIM

On 30 April 2021, following the execution of a Call Option on the minority stake held by some private bankers, UniCredit completed the acquisition of the remaining shareholding (2.88%) in Cordusio SIM S.p.A., reaching the 100% ownership.

#### Disposal of the entire shareholding held in Yapi Kredi Bank A.S. equal to 20%

At the end of October, the UniCredit S.p.A. Board of Directors approved the disposal of up to the entire shareholding in Yapi ve Kredi Bankası A.S. UniCredit delivered therefore a right of first offer notice to Koç Holding A.S., pursuant to the share purchase agreement signed in 2019.

On 8 November 2021 Koç Holding A.S. confirmed to UniCredit the irrevocable decision to exercise the right of first offer for a 18% stake.

As a result, UniCredit: (i) has reclassified 20% stake as held for sale (IFRS5); (ii) has disposed of the 2% stake in Yapi ve Kredi Bankası A.S. on the market (transaction finalised in November via a dribble-out) and (iii) deconsolidated the remaining 18% stake as held for sale subsequently the loss of the significant influence (and the consequent recognition of a financial instrument in "Financial assets at fair value through profit or loss").

Considering the binding commitment subject only to regulatory approvals the completion of the sale of such remaining stake is expected to occur in the first quarter of 2022.

As already communicated, the overall transaction had a low-mid single digit positive impact on the consolidated CET1 ratio of UniCredit, considering inter alia a negative consolidated P&L impact of approximately €1.7 billion in 2021, mostly deriving from the recycle of the reserves for the exchange rate differences on Turkish Lira, which did not bring impact on the CET1 capital, being currently already recognised.

## Other information

### Execution of the Put Option on the entire stake held in ABH Holdings S.A.

On 9 November 2021, UniCredit S.p.A. exercised its put option right for the disposal of its entire stake in ABH Holdings S.A., equal to 9.9% of the share capital of the company, pursuant to the shareholders' agreement in force.

The shareholding was acquired in 2016, in the context of the disposal of its Ukrainian bank (Ukrsotsbank).

The closing of the transaction is expected to occur in the first quarter of 2022. The carrying value of the stake (equal to €287 million as of 31 December 2021) is aligned with the euro equivalent of the put option price. The price of the put option will be partially offset by the liability amount related to certain guarantees given by UniCredit S.p.A. in the context of the disposal of Ukrsotsbank; the net amount will be equal to approximately USD 137 million. The liability amount is already fully covered by specific provisions.

### Acquisition of Aviva S.p.A. by CNP Assurances

At the beginning of December 2021, the finalization of the acquisition by CNP Assurances of Aviva S.p.A. (now CNP Vita Assicura S.p.A.), participated by UniCredit S.p.A. at 49% of the share capital, was announced. The completion of the transaction triggered the closing phase of the enhancement of the existing partnership on the basis of the agreement signed between UniCredit S.p.A. and CNP Assurance on 3 March 2021.

### Merger by incorporation of UniCredit Bank Ireland Public Limited Company in UniCredit S.p.A.

In order to simplifying the Group's structure and ensure greater efficiency optimizing the economic, management and financial structure, the cross-border merger for the incorporation of UniCredit Bank Ireland Public Limited Company into UniCredit S.p.A., after having received the required authorization by European Central Bank, was carried out on 1 November 2021 with retroactive accounting effect to 1 January 2021.

## Sale initiatives of non-performing portfolios

### Sale of an Individual unsecured non-performing credit portfolio

On 21 June 2021 UniCredit has reached an agreement with MBCredit Solutions S.p.A. ("MBCS") and a securitisation vehicle managed by KRUK SA ("KRUK") in relation to the disposal on a non-recourse basis (pro-soluto) of a non-performing unsecured Individual credit portfolio, in Italy.

The portfolio consists entirely of Italian unsecured Individual credits, including Salary Backed Loan, classified as bad loans by 30 November 2020, with a claim value of €220 million.

UniCredit and KRUK have also reached an agreement for the disposal of up to €250 million of Italian unsecured consumer bad loans, generated beginning in the first quarter and ending at the end of the year, receivables were sold with a claim value of €113 million. During the second half 2021 further sales were finalized for a total amount, gross of value adjustments, of €132 million. An overall impact on the income statement of €5 million was recognised in item 100. Gains (Losses) on disposal and repurchase. The marginal negative economic impact coming from the transactions above was reflected in the second quarter 2021 financial statements.

Following the agreements outlined above, the total amount of the sales performed during the 2021 involved credit exposures with a gross book value at the transfer date of €402 million and a net book value, at the transfer date, of €54 million.

### Sale of an Individual Secured unlikely to pay credit portfolio

On 9 November 2021 UniCredit S.p.A. has reached an agreement with Eidos Partners S.r.l. and a securitisation vehicle managed by Master Gardant S.p.A. in relation to the disposal on a non-recourse basis (pro-soluto) of unlikely to pay secured Individual credit portfolio. The portfolio consists entirely of Italian secured Individual credits classified as unlikely to pay with a claim value of €125 million.

On 16 November 2021 and 16 December 2021 UniCredit S.p.A. sold additional €26 million.

Following the agreements outlined above, the total amount of the sales performed involved credit exposures with a gross book value at the transfer date of €150 million and a net book value, at the transfer date, of €78 million.

### Sale of a non-performing secured and unsecured loans portfolio to Olympia SPV

On 29 November 2021 UniCredit informed that, as part of its program to finalise the non core portfolio run-down, on 11 November 2021 completed the transfer of €1.6 billion in terms of gross book value (€2.1 billion total claim amount) of a NPL Portfolio including both secured and unsecured loans to a securitisation vehicle (Olympia SPV Srl "Olympia") with the transaction ("Securitisation") structured by UniCredit Bank AG as Sole Arranger.

On 25 November 2021 Olympia issued three classes of notes: €261 million senior note, €26.1 million mezzanine note and €2.9 million junior note, fully subscribed by UniCredit S.p.A. The senior notes are rated "Baa2"/"BBB"/"BBB" by Moody's, S&P and Scope Ratings respectively. The Securitisation has been structured for complying with the GACS (Garanzia sulle Cartolarizzazioni delle Sofferenze) law in order to obtain the GACS guarantee on the senior note.



## Other information

On 9 December 2021 UniCredit entered into a binding agreement to dispose 95% of the mezzanine and junior notes to a financial institution not belonging to the Group, while retaining the 5% required by regulation as Originator net economic interest in Olympia. Following the completion of this agreement, UniCredit proceeded with the cancellation (derecognition) of the transferred loans from the Assets. Italfondario and doValue act respectively as Master and Special Servicer of the Securitisation while Banca Finanziaria Internazionale S.p.A. covers the roles of Corporate service provider, Monitoring Agent, Calculation Agent, Representative of Noteholders and Back-up Servicer Facilitator. UniCredit Bank AG is the Placement and Settlement Agent of the mezzanine and junior notes, and cap and liquidity line provider for Olympia. With reference to the regulatory treatment applied as of the fourth quarter 2021, UniCredit, following the notification to the European Central Bank, represented the related significant risk transfer when reporting the transaction above outlined. For further detail on the initiative refer to Company financial statement, Notes to the accounts, Part E - Information on risks and hedging policies, Section 1 - Credit Risk, Quantitative information, "Olympia transaction".

### Sale of non-performing credit portfolios to InvestCapital Ltd. of Malta

On 27 December 2021 UniCredit announced that, through its subsidiary UniCredit Consumer Financing IFN S.A. of Bucharest, Romania, it has reached an agreement with InvestCapital Ltd. of Malta, part of KRUK Group, to sell debt portfolios composed by unsecured consumer loans, with an aggregate nominal value of up to RON 240 million (€48.5 million) granted by UniCredit Consumer Financing IFN S.A. to its individual customers. The Agreement stipulates that the debt portfolios will be purchased in 24 monthly tranches.

## Other information on Group activities

### FINO project

In relation to the FINO Project (started in 2016 and completed in 2018), as at 31 December 2021, following the redemptions made, the Notes (Asset Backed Securities) owned by UniCredit S.p.A. amount totally €131 million (€88 million recorded under item "30. Financial assets at fair value through other comprehensive income" pertaining to the Senior securities and in part to the Mezzanine securities, and €43 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the remaining Mezzanine securities and all the Junior Notes).

The evaluation of the Notes classified among other assets mandatorily at fair value led in 2021 to a positive impact of €2.5 million, while the Notes classified among financial assets at fair value through other comprehensive income an impairment has been recognised for €22 million, due to the change in estimation of expected cash flows of the underlying securitised loans.

The receivables related to the Deferred Subscription Price (DSP/Deferred Purchase Price-DPP), owed to UniCredit S.p.A. by third-party entities belonging to the relevant third-party investor's groups, and deriving from the securitisation transactions completed during 2017, have been fully reimbursed in 2020, according to the contractual provisions.

### Prisma transaction

In relation to Prisma transaction, finalised in the fourth quarter 2019 and referring to the securitisation of a non-performing loan Residential Mortgage Portfolio of €4.1 billion gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Prisma SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Note), it should be noted that as at 31 December 2021 following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €748 million (of which €745 million recorded under item "30. Financial assets at fair value through other comprehensive income" pertaining to the Senior securities, and €3 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the Mezzanine securities and the Junior Notes). During 2021, with reference to the Notes, no material impact was recognized in the income statement.

### Relais transaction

In the fourth quarter 2020, as part of its program to accelerate the Non Core portfolio rundown, UniCredit Leasing ("UCL") completed the transfer of €1.6 billion Claim of an Italian non-performing real estate lease portfolio ("NPL Lease Portfolio") to a securitisation vehicle (Relais SPV S.r.l. "RELAYS") and the assets to a LeaseCo, a company envisaged by the Italian Securitisation Law for managing the real estate assets (Relais LeaseCo S.r.l. and together with Relais, the "Securitisation").

In December 2020 UCL purchased all the Asset Backed Securities (Note Senior, Mezzanine e Junior) issued by the SPV, and on 22 December 2020 exercised the put option ("back-stop") following which UCL sold to doValue (the securitisation's Servicer) the 95% of the Mezzanine and Junior Notes, leading to recognize the accounting derecognition of the receivables.

## Other information

With reference to the regulatory treatment applied, following the notification to the European Central Bank, starting from February 2021, UniCredit represents the related significant risk transfer when reporting the transaction above outlined.

On 9 March 2021, the Ministry of Economy and Finance granted the GACS guarantee on the Senior note.

On 31 December 2021, also following the reimbursements occurred, the Senior notes held by UniCredit S.p.A. (due to the purchase by UCL performed on 6 April 2021) are recognised in item "30. Financial asset at fair value through other comprehensive income" for €407 million; the Senior, Mezzanine and Junior notes held by UCL are recognised in item "120. Non-current assets and disposal groups classified as held for sale" for a total amount of €24 million.

### **Issue of a dual tranche Senior Preferred Notes for a total amount of €2 billion**

On 12 January 2021 the parent company UniCredit S.p.A. launched a dual tranche Senior Preferred €1 billion with 5 years maturity and €1 billion with 10 years maturity.

The combined amount represents the largest Euro institutional Senior Preferred issuance ever done by UniCredit.

### **Pietro Carlo Padoan and Andrea Orcel appointed respectively as Chairman and Chief Executive Officer of UniCredit S.p.A.**

Following the approval of the list of candidates by the Annual General meeting (AGM) on 15 April 2021, the Board of Directors appointed as Chairman Mr. Pietro Carlo Padoan and Mr. Andrea Orcel as Chief Executive Officer (CEO) of the company with all the powers and authorizations necessary to fulfill his role.

The Board of Directors unanimously already co-opted Professor Pietro Carlo Padoan as a non-executive director after having concluded that he was the best candidate for the position as Chairman of UniCredit for the next term, as well as, last 27 January 2021, unanimously nominated Andrea Orcel as designated Chief Executive Officer (CEO) to replace the outgoing CEO Jean Pierre Mustier.

### **Launch of the share Buy-Back Programmes**

On 11 May 2021 UniCredit S.p.A. announced, in execution of the authorisation granted by the Shareholders' Meeting of the Company held on 15 April 2021, that it has defined and approved the measures for the execution of the share buy-back programme for a maximum amount of €178,688,534.90 and for a number of UniCredit ordinary shares not exceeding 30,000,000 (the "First Buy-Back Programme 2021").

As disclosed on 24 June 2021, the First Buy-Back Programme 2021 was completed on 23 June 2021 with the purchase by UniCredit of No.17,416,128 shares for a total consideration of €178,688,527. The shares purchased by UniCredit under the First Buy-Back Programme 2021 were cancelled, jointly with the treasury shares held by UniCredit at that time, on 4 October 2021.

On 9 December 2021 UniCredit S.p.A. announced, always as per the authorisation granted by the Shareholders' Meeting of the company held on 15 April 2021 that it has defined and approved the measures for the execution of the share buy-back programme for a maximum amount of €651,573,111.00 and for a number of UniCredit ordinary shares not exceeding 110,000,000 (the "Second Buy-Back Programme 2021").

For the purpose of executing the Second Buy-Back Programme 2021, UniCredit S.p.A. engaged J.P. Morgan AG as qualified third-party broker to decide on the stock purchases in full independence, also in relation to the timing of the transactions and in compliance with the daily price and volume limits and the terms of the programme.

For further details on timing and methods of the programmes, refer to paragraph "Treasury Shares" of the Report on operations of UniCredit S.p.A.

### **New organisational structure, reorganisation of the Management Team and redesign of Group's structures**

On 12 May 2021 UniCredit announced a new organisational structure and a new Management Team to drive the business effectively and deliver its new strategic plan during the second half of 2021.

This new structure creates a simplified organisation that enables greater accountability across all businesses and areas. It ensures clients remain at the heart of everything, further integrating technology and digitalisation as a key driver of future success and provides clarity on key roles and responsibilities.

On 15 July 2021 UniCredit announced further steps in its business simplification. Following the new organisational structure and the appointment of a new Group Executive Committee ("GEC") put in place in May, notice was given that, to further improve efficiency, the first line of each business area and region has been designed to reduce layering and complexity whilst retaining clear lines of control and oversight. The new reporting lines provide a clean and clear management structure designed to deliver faster execution and decision-making capabilities and promote operational excellence, providing closer links between management and the clients and communities within which it operates.

## Other information

The realignment has further increased the diversity of the management team, mirroring the increased female presence at GEC level and introducing greater variety in the nationalities represented. Italy is established as a standalone geography, reflecting the critical importance of this Country to the Group.

As already evidenced in the paragraph "Main results and performance of the period", as at 31 December 2021 the performance of the Group was measured based on the new business divisions as well as the reporting by business sectors.

### Moody's affirmed UniCredit S.p.A.'s ratings and outlook even after the methodology's update to banks

On 12 May 2021 the Rating Agency Moody's affirmed UniCredit S.p.A.'s long-term deposit and senior debt ratings at "Baa1". The outlook remains stable.

The BCA/stand-alone rating was affirmed at "baa3".

On 13 July 2021 it has been reported that Moody's has updated its banks methodology. As a result, UniCredit S.p.A.'s long-term deposit and senior debt ratings and Tier 2 rating are unchanged at "Baa1" and "Baa3" respectively.

UniCredit's Senior Non-Preferred Ratings were downgraded to "Baa3" from "Baa2". The outlook remains "stable".

### Update on MREL requirements

On 14 May 2021 UniCredit S.p.A. informed having received the Single Resolution Board and Banca d'Italia the updated decision on the Minimum Requirement for Own Funds and Eligible Liabilities (MREL): this supersedes the previous one communicated in December 2019, which set the MREL equal to 10.67% of Total Liabilities and Own Funds (TLOF) and applicable from 30 June 2022.

From 1 January 2022, UniCredit S.p.A. shall comply, on a consolidated basis, with an intermediate MREL equal to the maximum between 20.73% of Risk Weighted Assets (RWA), plus the Combined Buffer Requirement (CBR) applicable at that point in time, and a 5.90% of leverage ratio exposures (LRE).

From 1 January 2024, the consolidated MREL will become "fully loaded" and will be set equal to the maximum between 21.40% RWA, plus the applicable CBR, and 5.90% LRE.

Starting from 1 January 2022, UniCredit S.p.A. will also have to comply with a subordinated MREL, i.e. to be met with subordinated instruments, equal to the maximum between 11.79% RWA, plus the applicable CBR, and 5.68% LRE. Both these amounts already take into account the "senior allowance", i.e. the possibility to meet part of the subordinated requirement with senior (non-subordinated) instruments.

All these requirements shall be met with consolidated Own Funds plus Eligible Liabilities issued by UniCredit S.p.A. only.

### Issue of a USD Dual-Tranche benchmark callable 6NC5 and 11NC10 Preferred Senior Transaction for 2 billion dollars

On 26 May 2021 UniCredit S.p.A. has issued 1 billion dollars of Fixed to Fixed Rate Senior Preferred Notes, with a 6 year maturity and a call after year 5, and 1 billion dollars of Fixed to Fixed Rate Senior Preferred Notes, with a 11 year maturity and a call after year 10, targeted to institutional investors for a total amount of 2 billion dollars.

The bonds are TLAC/MREL eligible and contribute to provide liquidity to the USD credit curve.

### S&P changed UniCredit S.p.A.'s outlook to "stable" from "negative" and, afterwards, to "positive" from "stable"

On 24 June 2021 it has been announced that the rating agency S&P Global Ratings ("S&P") has changed UniCredit S.p.A.'s outlook to "stable" (from "negative").

The "BBB" long- and "A-2" short-term UniCredit S.p.A.'s credit ratings have been affirmed. The instrument ratings have been affirmed as well.

On 23 November 2021 S&P has changed UniCredit S.p.A.'s outlook to "positive" (from "stable").

The "BBB" long- and "A-2" short-term Issuer Credit Ratings have been affirmed. The instrument ratings have been affirmed as well.

### Issue of a Senior Preferred Green Bond for €1 billion

On 28 June 2021 UniCredit S.p.A. has issued its inaugural fix-to-floater Senior Preferred Green Bond for €1.0 billion with an 8-year maturity and a call after year 7, targeted to institutional investors.

The issuance follows a book building process that gathered strong demand of more than €3.25 billion from more than 200 investors globally.

The initial guidance of 120bps over the 7-year mid-swap rate has been tightened by 30bps, achieving a final spread of 90bps, resulting in a fixed coupon of 0.80% paid annually, with an issue/re-offer price of 99.953%.

The bond proceeds are dedicated to fund renewable energy, clean transportation, and green buildings with the aim of supporting the United Nations Sustainable Development Goals (UN SDGs).

The inaugural green bond issuance took place under UniCredit's newly established Sustainability Bond Framework. The framework allows the Group's main issuers UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria to issue green, social, and sustainability bonds, which will be a recurring part of the Group's funding activity going forward.



## Other information

### Issue of €750 million Additional Tier 1 PerpNC 6/2028 Notes (AT1)

On 30 June 2021 UniCredit S.p.A. placed an issue of Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes - Additional Tier 1, with settlement date 7 July 2021, for a total amount of €750 million targeted to institutional investors. For further details on the issue, refer to paragraphs "Capital strengthening" of this Consolidated report on operations.

### Sale of equity investment in Optima Telekom

As at 30 June 2021 the Group held, through Zagrebačka Banka, a 36.9% equity investment in Optima Telekom, a telecommunication company in Croatia. Such equity investment was classified as other financial assets mandatorily at fair value, by virtue of an agreement signed in 2014, according to which Zagrebačka Banka transferred its management rights to Hrvatski Telekom, which obtained the control of Optima Telekom. On 9 July 2021, consequently to the Croatian Competition Agency's decision, the above-mentioned agreement was terminated. Upon termination, the transfer of the management to Hrvatski Telekom was terminated as well.

Consequently, Zagrebačka Banka was entitled to exercise its rights from 36.9% shareholding. Despite not having the full voting majority, the dispersion of other shareholders allowed Zagrebačka Banka to have the de-facto control over Optima Telekom and therefore Optima was consolidated in financial statements.

In this regard, it should be noted that a sale process of this equity investment was in place, as Zagrebačka Banka received binding offer approved by the Bank's Management Board and a Sale and Purchase Agreement has been signed with the potential buyer.

As at 31 December 2021 the Group, on the basis of the above, has presented assets and liabilities resulting from consolidation of the company as held for sale.

For further information on the sale, refer to the paragraph "Subsequent events" of this Consolidated report on operations.

### Early redemption of notes for €1 billion

On 28 July 2021 UniCredit announced the early redemption of notes, issued on 10 September 2014 (ISIN XS1107890847) for €1 billion, in accordance with the relevant Terms and Conditions of the notes themselves. UniCredit S.p.A. exercised its option to early redeem in whole the notes on 10 September 2021 (the first call date). The early redemption of the issue was at par, together with accrued and unpaid interests. The interests ceased to accrue on the same first call date.

### Potential transfer of a defined perimeter of Banca Monte dei Paschi di Siena S.p.A. ("MPS")

On 29 July 2021 UniCredit S.p.A. and the Ministry of Economy and Finance ("MEF") of the Republic of Italy, the majority shareholder of MPS, announced having approved the prerequisites for a potential transaction involving the commercial operations of MPS with a carefully defined perimeter and appropriate risk mitigation.

Despite the effort from both sides, on 24 October 2021 UniCredit and the MEF announced that the negotiations had been terminated.

### 2021 EBA EU-wide Stress test results

UniCredit was subject to the 2021 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Single Supervisory Mechanism (SSM), the European Central Bank (ECB), and the European Systemic Risk Board (ESRB).

The stress test has been carried out applying a static balance sheet assumption as of December 2020 and therefore does not take into account future business strategies and management actions.

On 30 July 2021 UniCredit noted the announcements made by the EBA and the ECB on the EU-wide stress test. The UniCredit results were the following:

- baseline scenario:
  - 2023 fully loaded CET1r at 15.66% corresponding to 52bps higher than fully loaded CET1r as of December 2020;
  - 2023 transitional CET1r at 15.80% corresponding to 16bps lower than transitional CET1r as of December 2020;
- adverse scenario:
  - 2023 fully loaded CET1r at 9.22% corresponding to 592bps lower than fully loaded CET1r as of December 2020;
  - 2023 transitional CET1r at 9.59%, corresponding to 637bps lower than transitional CET1r as of December 2020.

### Placement of the first retail Social Bond

On 29 September 2021 UniCredit S.p.A. launched the public offering of the first bond loan - Senior Preferred Retail Social Bond - to finance projects with social aims and impacts. The bond, initially distributable for an amount of €110 million, envisaged the possibility of increasing, based on requests, up to €250 million.

## Other information

The issue took place at par for a total amount of €155 million and will have a ten-year duration with a variable coupon equal to Euribor 3 months + 0.35% with a minimum of 0.65% and a maximum of 2.00% per year, paid on a quarterly basis<sup>10</sup>.

The first social bond was issued as part of the Sustainability Bond Framework, which the bank has recently developed. It allows the main issuing companies of the Group, including UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria, to issue green, social and sustainability bonds which will henceforth be a recurring part of the Group's funding activity.

The Sustainability Bond Framework is in line with the 2021 version of the Green and Social Bond Principles and the Sustainability Bond Guidelines of the International Capital Market Association (ICMA). The destination of the proceeds and the social benefits deriving from the financed projects will be monitored annually and UniCredit will provide information on their development through dedicated performance indicators within specific "allocation reports" and "impact reports".

### Establishment of the new Advisory Board Italy

On 19 October 2021, the new Advisory Board Italy of UniCredit S.p.A., composed of 15 members and chaired by Niccolò Ubertalli, head of UniCredit Italia, was established. At the same time, the 7 new Territorial Advisory Boards took office, one for each Region through which UniCredit Italia operates in the territories.

The Advisory Boards (AdBs) are advisory bodies created with the aim of strengthening knowledge of individual territories, relevant sectors and local social issues, providing a positive contribution to business development in the areas of their competence. The AdBs will therefore represent a tool for comparison on national and territorial dynamics, a laboratory in which to experiment shared projects between the Bank and the country's representatives, will contribute to the sustainable development of the business and the territories, finally offering support for the definition of the Bank's territorial development plans.

### Fitch affirmed UniCredit S.p.A.'s ratings and later upgraded them

On 20 October 2021 the Rating Agency Fitch Ratings affirmed UniCredit S.p.A.'s "BBB-" Long-Term Issuer Default Rating ("IDR"), the "F3" Short-Term Rating and the "bbb-" Viability Rating (i.e. standalone rating). The outlook has been affirmed at "stable". SNP, Tier2 and AT1 ratings have been affirmed as well.

On 17 December 2021 the rating agency Fitch Ratings upgraded UniCredit S.p.A.'s Long-Term Issuer Default Rating ("IDR") to "BBB" from "BBB-". The outlook was affirmed at stable.

The Short-Term Rating and the Viability Rating, have been upgraded to "F2" from "F3" and to "bbb" from "bbb-", respectively.

Instruments ratings have been updated in line with the rating action, with the Senior Non Preferred rating now at "BBB-".

### 2021 EU-wide Transparency Exercise

On 3 December 2021 UniCredit S.p.A. notes the announcements made today by the European Banking Authority (EBA) and the European Central Bank (ECB) regarding the information of the 2021 EU-wide Transparency Exercise and fulfilment of the EBA Board of Supervisors' decision.

### "UniCredit Unlocked" 2022-2024 Strategic Plan presentation

On 9 December 2021 UniCredit S.p.A. outlined a new strategic plan for 2022-2024, which optimises the Group and builds a clear long-term programme.

UniCredit Unlocked delivers strategic imperatives and financial ambitions for the details of which refer to paragraph "Main results and performance for the period, Introduction" of this Consolidated report on operations.

### Transaction with EIB (European Investment Bank) risk sharing guarantee

On 13 December 2021 UniCredit S.p.A. announced the finalization of a €15 million loan, with a duration of 6 years, to Fontana Pietro S.p.A., a company specializing in the activity of engineering, molds' construction of and bodyworks' production and design furniture in aluminum, assisted by an EIB risk sharing guarantee on 75% of the amount.

### Early redemption of notes for €750 million

On 14 December 2021 UniCredit S.p.A. announced the early redemption, on 3 January 2022, of notes for €750 million issued on 3 June 2016 (ISIN XS1426039696), in accordance with terms and conditions of the notes themselves.

The early redemption of the Notes will be at par, together with accrued and unpaid interests. The interests shall cease to accrue on the Optional redemption date.

<sup>10</sup> Minimum investment lot of €10,000 with multiples of €10,000.

## Other information

### Organisational model

#### Significant organisational changes in 2021

In 2021, effective from July, the following main changes have occurred in the organizational model for UniCredit S.p.A.:

- cancellation of the role of Co-CEO Western Europe, with the contextual creation of the “Italy” Division role, that includes the responsibility for the Italian perimeter;
- change of the Central Europe & Eastern Europe Division, with different perimeter of Countries respectively for Central (including Austria) and Eastern geographies;
- cancellation of the Head of Finance & Controls role with the contextual reallocation of responsibilities and activities;
- set up of the Group Digital and Information Officer which is responsible for digitalization and data management activities as an integral part of all final products in order to optimize execution and improve the customer experience;
- set up of the Group Strategy & Optimization role which supports the CEO in managing strategic initiatives, including the integration of ESG in the Group's strategy;
- set up of the Group Stakeholder Engagement role, which is in charge of coordinating the overall Investor Relations process, Identity and Communications activities, developing relationships with institutional counterparties, managing the relationships with the European Banking Supervisory Authorities (e.g. EBA, ECB) and Banca d'Italia;
- overall review of the Managerial Committees in order to simplify and optimize the related set up, streamlining the number of Committees and of participants, focusing on the decisional topic and processes.

Effective from August, the Divisions and other Governance Functions (e.g. Competence Lines) have been further reviewed to empower the Business Divisions through the assignment of dedicated functions directly supporting the business and ensuring, at the same time, the alignment with Group initiatives in terms of targets, direction, and purpose.

### Organisational structure

UniCredit adopts an organisational and business model that, while guaranteeing the autonomy of countries/local banks on specific activities in order to ensure greater proximity to customers and efficient decision-making processes, maintains a divisional structure for the governance of business/products, as well as global control over Digital and Operation functions.

More specifically, the current organisational structure of the Holding Company can be broken down into:

- Group Finance, Group Risk Management, Group Legal, Group Compliance, Group People and Culture, the Functions, identified as Competence Lines (CL), together with Internal Audit, aimed at guiding, coordinating and controlling, for their area of competence, the management of activities and related risks of the Group as a whole and of the single Legal Entities;
  - Italy, Germany, Central Europe & Eastern Europe: business functions, responsible for proposing and implementing the business strategies to maximize the risk adjusted value creation for the relevant perimeter, for this purpose, with reference to the related customer segments/geographies, these functions are assigned the responsibilities for marketing and service model definition as well as product development activities. Central Europe & Eastern Europe is placed under the responsibility of two “co-Heads” in charge of the countries of Central Europe and the countries of Eastern Europe, respectively Germany represents the synthesis point of the Group's business in the reference Country, maintaining an executive role at local level. Group Client Solutions supports the business functions of the Countries developing a complete range of best-in-class products for all types of customers;
  - Group Digital & Information Division defines and executes the Group Technology, Digital and Data related management and transformation, driving value through the capability of technology and data, embedded into digital solutions that optimize execution and improve customer experience;
  - Group Operations, responsible for the oversight of the operating machine with a specific focus on costs, procurement, real estate, operations performance management, corporate security, in coherence with the defined Group strategies, by ensuring at the same time synergies, savings and operational excellence;
  - Group Stakeholder Engagement governs the Group's reputation and overseeing all communication activities to ensure the delivery of coordinated and consistent messages across multiple stakeholder group (investor relations, identity and communication, relationships with institutional counterparties and with the European Banking Supervisory Authorities - e.g. EBA, ECB - and Banca d'Italia);
  - Group Strategy & Optimization, responsible for supporting strategic initiatives, including the integration of ESG into the Group's strategy.
- The Group Strategy and Optimisation and Group Stakeholder Engagement functions represent the “CEO Office” aimed at supporting CEO in the development and implementation of strategic initiatives.



## Other information

### Conversion of Deferred tax assets (DTAs) into tax credits

Referring to financial year 2020, UniCredit S.p.A. and UniCredit Leasing S.p.A. registered a loss in their separate financial statements and in 2021 they converted respectively €383.7 and €26.4 million of Deferred Tax Assets (DTA) into tax credits (pursuant to Art.2, paragraph 55, of Law Decree No.225/2010).

The Law Decree No.73 of 25 May 2021 (LD 73/2021) extended to 2021 the incentives, introduced in 2020, for Non-Performing Exposures (NPE) disposals provided by Art.44-bis Law Decree No.34/2019. Therefore, the NPE disposals to companies not belonging to UniCredit group completed by 31 December 2021 allowed the transformation in Tax Credits (TC) of Deferred Tax Assets (DTAs) deriving from (i) tax losses and (ii) ACE (so-called Aiuto alla Crescita Economica) surpluses, under the same conditions applied to the benefit in 2020. As of 31 December 2021, €110 million of DTAs were recognised into tax credits, with a correspondent positive impact on the income statement.

In order to preserve for the future the regime of conversion of DTAs into tax credits, and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, Art.11 of Law Decree No.59/2016, converted into Law No.119/2016 (as modified by Law Decree No.237/2016, converted in to Law No.15/2017) provides for the possibility, starting from 2016 till 2030, to elect for the payment of an annual fee equal to 1.5% of an aggregate amount deriving from the difference between:

- the increase in convertible DTAs recognised at the end of the fiscal year and the convertible DTAs existing as at the end of 2007, for IRES tax, and as at the end of 2012 for IRAP tax, taking into account the amounts already converted into tax credits (including those carried out pursuant to Art.44-bis Law Decree No.34/2019 as extended by Law Decree No.73/2021);
- taxes:
  - IRES paid by tax group starting from 1 January 2008;
  - IRAP paid registered starting from 1 January 2013 by Legal Entities included in Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

The fee due for financial year 2021 has been paid on 30 June 2021 for an overall amount of €104.3 million relating to the whole Italian Tax Group, of which €99.8 million for UniCredit S.p.A., €4.2 million for UniCredit Leasing S.p.A. and €0.3 million for UniCredit Factoring S.p.A.

### Certifications and other communications

With reference to the "Rules of Markets organized and managed by Borsa Italiana S.p.A." dated 4 January 2021 (Title 2.6 "Obligations of issuers", Art.2.6.2. "Disclosure requirements", paragraph 10) the satisfaction of conditions provided by article 15 of Consob Regulation No.20249/2017, letters a), b) and c) is hereby certified.

With reference to paragraph 8 of Art.5 - "Public information on transactions with related parties" of Consob Regulation containing provisions relating to transactions with related parties (adopted by Consob with Resolution No.17221 of 12 March 2010, as subsequently amended by Resolution No.21624 of 10 December 2020), it should be noted that:

- a) according to the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA" adopted by the Board of Directors of UniCredit S.p.A. on 8 June 2021, and published on the website [www.unicreditgroup.eu](http://www.unicreditgroup.eu), during 2021 the Bank's Presidio Unico received no reports of transactions of greater importance ended in the period;
- b) during 2021, no transactions with related parties as defined by article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions and materially affecting the Group's financial and economic situation;
- c) during 2021, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group's financial position or results during the reference period.

For more information on related-party transactions refer to the paragraph "Part H - Related-party transactions" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts.

### Information on risks

For a complete description of the risks and uncertainties that the Group must face under the current market conditions, refer to "Part E - Information on risks and hedging policies" of the Notes to the consolidated accounts.

# Subsequent events and outlook

## Subsequent events<sup>11</sup>

On 11 January 2022 UniCredit S.p.A. launched a dual tranche Senior Preferred €1.25 billion with 6 years maturity, callable after 5 years, and €500 million with 10 years maturity.

The amount issued is part of the 2022 Funding Plan and confirms once again UniCredit's ability to access the market in different formats.

On 18 January 2022 UniCredit S.p.A. reached an agreement with a securitisation vehicle managed by KRUK Group in relation to the disposal on a non-recourse basis (pro-soluto) of a non-performing corporate credit portfolio both secured and unsecured, in Italy.

The portfolio consists entirely of Italian Non-Performing Exposures with a claim value of approximately €222 million. The economic impact was recognised in the 2021 Financial Statements, where the portfolio will be classified as held-for-sale, in accordance with IFRS5.

On 21 January 2022, as all necessary regulatory approvals and all other conditions for transactions completion have been met, Zagrebačka banka signed the Share Transfer Agreement with Telemach Hrvatska for the transfer of 36.90% of Optima shares.

Based on the above, the company is therefore deconsolidated since January 2022.

For additional information on such transaction refer to paragraph "Other information on Group activities" of this Consolidated report on operations.

On 28 January 2022 UniCredit and Allianz announced having signed a multi-country framework agreement, setting the basis for enhanced collaboration benefiting clients of both companies. The agreement covers UniCredit's footprint in Italy, Germany, Central and Eastern Europe and appropriately recognises both partners' contribution to the value that is being created. The agreement encompasses joint investments aimed at integrating and accelerating the digitalization of our processes. It will also pave the way for a cooperation between the two groups in the insure-banking business, allowing UniCredit to offer its best-in-class banking products to customers on Allianz's open platform in Germany, Italy and other jurisdictions.

On 2 February 2022, the National Assembly of Republic of Slovenia approved a law aimed at restructuring consumer loans denominated in CHF, or those contractually linked to CHF, originated between 28 June 2004 and 31 December 2010, effectively retroactively introducing a 10% exchange rate cap which limits the amount to be repaid by customers, as capital or interest, following revaluation of the CHF against the EUR.

For further information refer to the Consolidated Notes to the accounts, Part A - Accounting policies, Section 4 - Subsequent events.

On 3 February 2022 it was announced that, following the communication received from the ECB in relation to the 2021 Supervisory Review and Evaluation Process (SREP), UniCredit's Pillar 2 Capital Requirement (P2R) is confirmed at 175 basis points.

Since 1 March 2022 UniCredit shall respect the following capital requirements on a consolidated basis, unchanged with respect to those previously applied, and equal to:

- 9.03 per cent CET1 ratio;
- 10.86 per cent Tier 1 ratio;
- 13.30 per cent Total Capital ratio.

<sup>11</sup> Up to the date of approval by the Board of Directors' Meeting of 15 February 2022 which, on the same date, authorised the publication also in accordance with IAS10.

# Subsequent events and outlook

## Outlook

The global recovery from the Covid-19-induced collapse in economic activity continues. However, severe and persistent supply bottlenecks and high inflation are likely to slow the pace of growth this year. We expect global GDP to grow by 4.2% in 2022, after 5.8% in 2021.

In the eurozone, it is expected GDP growth to slow from 5.2% in 2021 to 3.9% in 2022. The Omicron variant of Covid-19 is adding to headwinds in the short term and is expected to have contributed to dampening activity at the turn of the year. However, we expect that its impact on the growth trajectory for 2022 should be contained. Activity is likely to reaccelerate to a robust pace starting in the spring, also benefitting from a gradual easing of bottlenecks and a deceleration in inflation. In Italy, following a 6.3% increase in 2021, it is expected GDP growth to continue at 4.1% in 2022. While it is less exposed than Germany, Italy will not escape the negative impact of persistent supply-side bottlenecks on manufacturing activity in the first half of 2022. Domestic demand will be the main growth engine. Several tailwinds, in particular, will continue to support fixed investment, such as public resources, the EU recovery funds "Next Generation EU" and financing conditions, which should remain favorable.

With regard to the European Central Bank, it is expected asset purchases to continue into 2023 and no rate hikes before 2024.

Geopolitical risk and, in particular, the risk related to an escalation of tensions between Russia and Ukraine, might weigh on the economic outlook. The negative economic impact is expected to mainly come from a potential energy shock, especially for countries more vulnerable such as Germany, possible tensions in financial markets and, to a lesser extent, a slowdown in the trade channel. Lingered inflation pressure might induce earlier and/or bolder action by central banks, weighing on economic growth and investors' confidence and fuelling volatility in global markets.

In the following months the Group will fully focus on the objectives defined through the new Strategic Plan operating in a more favorable macroeconomic context, of gradual recovery but not without uncertainties.

The new plan, by optimizing the Group's set-up and by defining a clear long-term program, has laid concrete foundations for the achievement of the strategic guidelines; starting immediately the managerial Team will put in place actions to relaunch and strengthen the business, by always placing in the foreground the client focus; contextually, initiatives will be undertaken aimed at achieving a better integration of technology and simplification of processes. The value creation for the shareholders will be realized through a profitable growth, sustainable, coherent with the economic and social role of the Group and focused on the areas where the Group is capable of realizing a true added value.

Milano, 15 February 2022

CHAIRMAN  
PIETRO CARLO PADOAN



THE BOARD OF DIRECTORS

CEO  
ANDREA ORCEL





**Climate neutrality:**  
we stood alongside  
family-run Steinecke,  
a leading manufacturer of  
dried herbs and vegetables,  
when it decided to build  
one of Germany's first  
agrophotovoltaic plants.

**Our Clients**

Steinicke  
Germany

Curious to know more? Check  
out the entire story (and others)  
on [annualreport.unicredit.eu/en](https://annualreport.unicredit.eu/en)



# Governance structure

## Introduction

UniCredit's overall corporate governance framework, i.e. the system of rules and procedures that its corporate bodies refer to steer the principles of their behavior and fulfil their various responsibilities towards the Group's stakeholders, has been defined in compliance with current national and European provisions, as well as the recommendations contained in the Italian Corporate Governance Code (hereinafter, also the "Code").

In line with practice on major international markets, the Code identifies goals for a sound corporate governance, as well as the behaviors deemed appropriate for their achievements recommended by the Corporate Governance Committee to companies listed in Italy, to be applied according to the "comply or explain" principle that requires explanation in the corporate governance report of any reasons for failure to comply with one or more recommended best practices.

Moreover, UniCredit is subject to the provisions contained in the Supervisory Regulations issued by Banca d'Italia and, specifically with regards to corporate governance issues, to regulations on banks' corporate governance (Circular No.285/2013, First Part, Title IV, Chapter 1).

In compliance with the aforementioned Supervisory Regulations, as a significant bank subject to the direct prudential supervision of the ECB, as well as being a listed bank, UniCredit qualifies as a bank of large size or operational complexity and consequently complies with provisions applicable to such banks.

Since 2001, UniCredit has adopted the Code, which is publicly available on the Italian Corporate Governance Committee website (<https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.en.htm>).

On an annual basis, UniCredit draws up a corporate governance report for its shareholders, institutional and non-institutional investors, and the market. The report conveys appropriate information about the UniCredit in-house corporate governance system.

Consistently with applicable legal and regulatory obligations, and in line with the provisions of the Code, in its version as approved as at January 2020, the 2021 Report on corporate governance and ownership structure has been drafted, in accordance with article 123/bis of the Legislative Decree No.58 dated 24 February 1998 (hereinafter, also the Consolidated Law on Finance - TUF).

The Report on corporate governance and ownership structure, approved by the Board of Directors in its meeting held 8 March 2022, will be disclosed at the same time as the Report on Operations via the Issuer's website (<https://www.unicreditgroup.eu/en/governance/our-governance-system.html>). For further information on the UniCredit corporate governance system see the first of the above documents.

As an issuer of shares that are also listed on the Frankfurt and Warsaw regulated markets, UniCredit also fulfils legal and regulatory obligations relating to listings on said markets, as well as the provisions on corporate governance stipulated under the Polish Corporate Governance Code issued by the Warsaw Stock Exchange.

Since its establishment, UniCredit has adopted the so-called traditional management and control system.

The distinctive feature of this model is that the strategic supervision and the management of the company, the overseeing of its management and the legal accounting supervision are separated. In particular, the Board of Directors is solely responsible for the strategic supervision and the management of the Company, while the Board of Statutory Auditors is entrusted with supervising its management. Legal accounting supervision is assigned to an external audit firm by the Shareholders' Meeting on the basis of a proposal from the Board of Statutory Auditors, in compliance with relevant current laws.

The reasons behind the choice of such governance model are that it has proven capable of managing the business efficiently, while ensuring effective controls. That is, it creates the conditions for UniCredit S.p.A. to be able to guarantee the sound and prudent management of a complex and global banking group, such as the UniCredit group.

Moreover, the traditional management ascribes certain aspects to the sole responsibility of the Shareholders' Meeting, creating in this way an opportunity for dialogue and debate between shareholders and management about the fundamental elements of governance. These include the appointment and dismissal of directors, the appointment of the Board of Statutory Auditors members, the assignment of the mandate for the external auditing to an audit firm, the setting of the related remuneration, as well as the approval of the financial statements, the profit allocations, the resolutions on the remuneration and incentive policies and practices provided for by current provisions and the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office.

# Governance structure

## Shareholders' Meeting

The Ordinary Shareholders' Meeting of UniCredit is convened at least once a year within 180 days of the end of the financial year, to resolve upon the issues that current laws and the Articles of Association make it responsible for. An Extraordinary Shareholders' Meeting is convened, instead, whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by current laws.

The Agenda of the Shareholders' Meeting is established pursuant to legal requirements and to the UniCredit Articles of Association by whoever exercises the power to call a Meeting.

The Ordinary Shareholders' Meeting has adopted Regulations governing Ordinary and Extraordinary Meetings in a functional and regular way. The Regulations are available on the Governance/Shareholders Section of the UniCredit website.

## Board of Directors

The Board of Directors of UniCredit may be comprised of between a minimum of 9 up to a maximum of 24 members. As at the approval date of this document, UniCredit has 13 Directors.

Their term in office is 3 financial years, unless a shorter term is established at the time they are appointed, and ends on the date of the Shareholders' Meeting called upon to approve the financial statements relating to the latest year in which they were in office.

The term in office of the current Board of Directors, which was appointed by the Shareholders' Meeting of 15 April 2021, will end on the date of the Shareholders' Meeting called upon to approve the 2023 financial statements.

According to the current legal and regulatory provisions, the UniCredit Directors shall be appointed on the basis of a proportional representation mechanism ("voto di lista") abiding to the membership criteria concerning, inter alia, minority and independent Directors, as well as the balance between genders, pursuant to the procedures specified in Clause 20 of the UniCredit Articles of Association. The legitimate parties who are entitled to submit slates are the Board of Directors and shareholders, who individually or collectively with others represent at least 0.5% of share capital in the form of shares with voting rights at the ordinary Shareholders' Meetings.

The UniCredit Articles of Association envisage that, regardless of the total number of the Board members, two Directors shall be appointed from the second slate receiving the highest votes, without any connection with the shareholders who, even jointly, filed, or voted for, the slate first by number of votes, to ensure to the minority shareholders a greater presence on the Board of Directors.

The Board establishes its qualitative and quantitative composition deemed to be optimal for the effective fulfillment of the duties entrusted to the Board of Directors by law, by the Supervisory Provisions and by the UniCredit Articles of Association, according to the current provisions applicable on such topics, also concerning the time commitment and the limits upon the maximum number of offices that UniCredit Directors may hold.

Moreover, Directors must take into account the provisions of Art.36 of Law Decree No.201/2011 ("ban on interlocking directorships"), approved as statute by Law No.214/2011, which establishes that holders of a seat in managerial, supervisory and controlling bodies, as well as top management officers in companies or group of companies active in banking, insurance and financial markets are forbidden to hold similar offices, or to exercise similar duties, in competing companies or groups of companies.

The function and competencies of the Board of Directors are set forth in the UniCredit Corporate Bodies and Committees Regulation, available on the Governance/Corporate Bodies Section of the UniCredit website.

## Independence of Directors

In compliance with the provisions in force from time to time as well as in line with the criteria envisaged under the Italian Corporate Governance Code, non-executive Directors' independence shall be assessed by the Board of Directors upon their appointment, during the mandate upon the occurrence of circumstances concerning their independence and in any case at least once a year, on the basis of information provided by the Directors themselves or however available to the Company, also considering any circumstance that affects or could affect such requirement. The outcome of these Board assessments shall be disclosed to the market after the appointment, through a press release and, subsequently, via the Corporate Governance Report.

The Corporate Governance & Nomination Committee and the Board of Directors, the latter at the assessment carried out for the renewal of the Board on 5 May 2021, carried out the assessment of the Directors' independence requirements based on the statements made by the parties concerned and on information available to the Company.



## Governance structure

With specific reference to the independence requirements laid down by the Italian Corporate Governance Code, information was taken into account relating to the existence of direct or indirect relationships (credit relationships, business/professional relationships and employee relationships, as well as significant offices held) that Directors and their other connected subjects may have with UniCredit and Group companies.

In order to assess the potential significance of the abovementioned relationships, the Board of Directors has decided not to proceed with merely identifying predefined economic targets, which if simply exceeded could automatically indicate that independence has been compromised, as such check requires an overall assessment of both objective and subjective aspects. Therefore, for this purpose, the following criteria should be taken into account: (i) the nature and characteristics of the relationship; (ii) the amount in absolute and relative terms of the transactions; and (iii) the subjective profile of the relationship.

More specifically, when assessing the significance of such a relationship, the following information, where available, is considered by the Board:

- as far as credit relations are concerned, the amount in absolute value of the credit granted, its weighting in relation to the system and, where appropriate, the economic and financial situation of the borrower;
- as far as professional/commercial relations are concerned, the characteristics of the transaction/relationship, the amount of the consideration and, where appropriate, the economic and financial situation of the counterparty;
- as far as offices held in Group companies are concerned, the total amount of any additional remunerations.

In all of the above cases, all the parties involved (Director or family member; UniCredit or Group Company) and, for relationships with companies/entities, the related kind of "connection" (past held/control participation) with the Director or the family member were taken into account.

As a result of such assessments, the number of independent Directors according to the provisions of the Code is equal to 11.

At its meeting held on 11 May 2011, the Board of Statutory Auditors ascertained, with a positive outcome, the proper application of the criteria and procedures adopted by the Board of Directors to assess the independence of its own members.

# Governance structure

## Status and activities of the Directors

In the following chart the information regarding the members of the Board of Directors in office at the approval date of this document is reported.

POSITION	MEMBERS	IN OFFICE		SLATE (M/m) <sup>(*)</sup>	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT AS CODE	INDEPENDENT AS TUB	INDEPENDENT AS TUF	BOARD MEETINGS ATTENDANCE % <sup>(**)</sup>	NUMBER OF OTHER POSITIONS <sup>(***)</sup>
		SINCE	UNTIL								
Chairman	Padoan Pietro Carlo	04.15.2021	Approval of 2023 financial statements	M		X	X		X	100	--
Deputy Vice Chairman	Andreotti Lamberto	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	95.65	1
CEO <sup>◇</sup>	Orcel Andrea	04.15.2021	Approval of 2023 financial statements	M	X					100	1
Director	Cariello Vincenzo	04.15.2021	Approval of 2023 financial statements	m		X	X	X	X	95.65	1
Director	Carletti Elena	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	--
Director	Gadhia Jane-Anne	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	1
Director	Hedberg Jeffrey Alan	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	1
Director	Lara Bartolomé Beatriz Ángela	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	1
Director	Molinari Luca	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	1
Director	Pierdicchi Maria	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	2
Director	Tondi Francesca	04.15.2021	Approval of 2023 financial statements	m		X	X	X	X	100	1
Director	Wagner Renate	04.15.2021	Approval of 2023 financial statements	M		X		X	X	93.75	2
Director	Wolfgring Alexander	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	2
----- Directors who left during the Reference Period -----											
Chairman	Bisoni Cesare <sup>(1)</sup>	04.12.2018	04.15.2021	M		X		--	X	100	--
CEO <sup>◇</sup>	Mustier Jean Pierre <sup>(2)</sup>	04.12.2018	02.10.2021	M	X			--		66.67	--
Director	Al Mehairi Mohamed Hamad	04.12.2018	04.15.2021	M		X	X	--	X	71.43	6
Director	Balbinot Sergio	04.12.2018	04.15.2021	M		X		--	X	85.71	9
Director	De Giorgi Diego <sup>(3)</sup>	02.05.2020	04.15.2021	--		X	X	--	X	100	--
Director	Micossi Stefano	04.12.2018	04.15.2021	M		X	X	--	X	100	--
Quorum required for the submission of the slates for the latest appointment: 0.5%											
Number of meetings held during the financial year: 23											

### Notes:

(\*) M = Member elected from the slate that obtained the majority of the Shareholders' votes.

m = Member elected from the slate voted by the minority.

(\*\*) Number of meeting attended/number of meetings held during the concerned party's term of office with regard to the Reference Period.

(\*\*\*) Number of positions as Director or Auditor held in other listed companies or large companies. A list of such companies for each Director is attached to the Report on corporate governance and ownership structure.

◇ Director in charge of the internal controls and risks management system.

(1) Appointed as Chair on 20 September 2019. As Deputy Vice Chairman, Mr. Bisoni acted as pro-tempore Chair from 8 August to 20 September 2019.

(2) Termination following the anticipated ending from the position of Chief Executive Officer and General Manager (effective from 11 February 2021). In order to ensure full managerial continuity, the Board appointed a General Manager in accordance with Clause 21 (5) of the Articles of Association, who remained in office until the appointment of the new Chief Executive Officer.

(3) Co-opted on 5 February 2020, and confirmed by the Shareholders' Meeting on 9 April 2020.

# Governance structure

## Committees of the Board of Directors

In order to foster an efficient information and advisory system to enable the Board of Directors better to assess the topics for which it is responsible, also in accordance with the provisions of the Code, the Board has established five Committees, vested with research, advisory and proposal-making powers diversified by sector of competence: the Internal Controls & Risks Committee, the Corporate Governance & Nomination Committee, the ESG Committee, the Remuneration Committee and the Related-Parties Committee. Their duties are undertaken based on terms of reference and procedures set forth by the Board.

The Committees consist, as a rule, of a number of members from 3 up to 5. More specifically, the Internal Controls & Risks Committee, the Corporate Governance & Nomination Committee, the ESG Committee and the Remuneration Committee, all set up in compliance with the provisions contained in the Banca d'Italia Supervisory Regulations on banks' corporate governance, are composed of non-executives Directors, mostly independent. Such Committees must be differentiated from each other by at least one member and, if a Director elected by the minorities is present, that Director is a member of at least one Committee. The Chair of each Committee shall be chosen from among the independent members. The Related-Parties Committee, set up for overseeing issues concerning transactions with related and associated parties, in compliance with the CONSOB regulatory provisions and the Banca d'Italia Supervisory Regulations, consists only of independent Directors pursuant to the Italian Corporate Governance Code.

None of the functions of one or more specialist Committees on appointments, risks and remuneration envisaged by the Code has been reserved for the Board of Directors. Moreover, none of the abovementioned Committees, per se, performs the multiple functions of two or more committees as envisaged by the Code. The Committee functions have not been allocated amongst the various Committees in a different manner that differs from the provisions of the Code.

The Committee's tasks are coordinated by its Chair, who exercises all necessary powers for its proper functioning. Each Committee draws up an annual plan of activities to ensure the fulfillment of its tasks. Committee meetings are convened by the Chair with frequency adequate to the fulfillment of its tasks and plan of activities or when needed or requested in writing, with proper motivation, by at least two members of the Committee. The provisions set out for the Board of Directors' functioning shall apply, as compatible, to the Board Committees.

Committee members have the necessary knowledge, skills and experience to perform the duties assigned to them and ensure that any other corporate positions they hold in other companies or entities (including non-Italian ones) are compatible with their availability and commitment to serve as a Committee member.

At the invitation of each Committee Chair, the CEO, other Directors, the General Manager (when appointed), the Manager in charge of drafting the company financial reports, as well as personnel belonging to the Company and the Group, may attend Committee meetings on specific Agenda items. Without prejudice to the possibility for the other Statutory Auditors to attend the meetings, the Chair of the Board of Statutory Auditors - or any other Auditor designated by the latter - attends Board Committee meetings. Always at the invitation of each Committee Chair, personnel or externals appointed in the corporate bodies of the Group's subsidiaries may be called upon to attend Committee meetings.

To perform their duties, Board Committees have access to the financial resources necessary to guarantee their operational independence and, within the limitations of the budget approved by the Board of Directors, may consult independent external experts and invite them to attend meetings; in the event of specific requirements, the relevant budget may be supplemented.

The Chair of each Committee, at the first available Board of Directors meeting, reports on the activities carried out during the Committee meetings, with the support of specific documentation.

The Board Committees' composition, functions and competencies are set forth in the Corporate Bodies and Committees Regulation, available on the Governance/Corporate bodies Section of the UniCredit website.

## Internal Controls & Risks Committee

The Internal Controls & Risks Committee consists of 4 non-executive Directors.

The composition of the Internal Controls & Risks Committee is the following: Ms. Elena Carletti (Chairwoman), Ms. Maria Pierdicchi, Ms. Francesca Tondi and Mr. Alexander Wolfgring.

All members of the Committee meet the independence requirements prescribed by the Code and are independent pursuant to Art.13 of the Decree issued by the Ministry of Economics and Finance No.169/2020 and Art.148 of the Consolidated Law on Finance.



# Governance structure

All members of the Committee have the experience required under applicable provisions, covering the provided areas of competence related to risk and control as well as accounting and audit.

Committee meetings are attended by the Chair of the Board of Statutory Auditors, the Head of Internal Audit, the Group Compliance Officer and the Group Risk Officer. Upon invitation of the Committee Chair, the Chief Executive Officer, other Directors, the Manager in charge of drafting the company financial reports, as well as personnel belonging to the Company and the Group, may attend Committee meetings. Representatives from the external audit firm may also be invited.

The Committee is responsible for setting up the necessary functional links with the Board of Statutory Auditors, so as to undertake activities deemed common to the two bodies, and to exchange information of mutual interest, within the purview of their respective competencies.

The Committee must be able to access relevant corporate information, consult external experts and, where necessary, communicate directly with the Heads of Internal Audit, Group Risk Management and Group Compliance.

In 2021, the Committee held 20 meetings.

## Duties

The Committee supports the Board of Directors on risk management and control-related issues.

Among other things, the Committee:

- a) with the support of the Corporate Governance & Nomination Committee, identifies and proposes to the Board who should be appointed as Head of the corporate control functions or assesses the evaluation of their dismissal; for the Head of Internal Audit function, issues its opinion on setting the remuneration and the performance goals associated with its variable portion in line with the company policies;
- b) pre-examines activity programmes (including audit plans) and annual reports from corporate control functions to be sent to the Board, as well as periodical reports prepared by these functions above and beyond legal or regulatory requirements;
- c) evaluates and issues opinions to the Board on the compliance of the internal control system and corporate organization with the applicable rules and regulations, and on the requirements that must be complied with by the corporate control functions, drawing the Board's attention to any weaknesses and consequent corrective actions to be implemented; for this purpose, it assesses proposals put forward by the CEO;
- d) through evaluations and opinions, contributes to defining company policy on the outsourcing of corporate control functions;
- e) verifies that the corporate control functions correctly comply with the Board's recommendations and guidelines, assisting the Board in drafting the coordination documents envisaged under Banca d'Italia Circular No.285/2013;
- f) examines and assesses the correct use of accounting principles and their uniformity with regard to drafting the main accounting documents (such as, by way of example, operating and consolidated financial statements, interim operating reports, etc.), for this purpose coordinating with the Manager in charge of drafting the company financial reports and with the Board of Statutory Auditors;
- g) examines the work carried out by the Group's external auditors and the results stated in their reports or any letters and suggestions;
- h) assesses any findings reported by Internal Audit and Group Compliance, or that may arise from enquiries and/or investigations carried out by third parties;
- i) may seek specific audit interventions, at such time informing the Chair of the Board of Statutory Auditors;
- j) analyses Group guidelines for the Group Compliance function that fall within its remit, monitoring that they have been adopted and implemented;
- k) requests that the Head of Internal Audit draft any proposals for the qualitative and quantitative improvement of the function itself;
- l) is involved, within its specific remit, in the process of identifying material risk takers on an on-going basis.

With a special focus on risk management and control-related issues, the Committee supports the Board of Directors in:

- defining and approving strategic guidelines and risk management policies with specific reference to risk appetite and risk tolerance. For this purpose, it also examines the annual budget drafting guidelines;
- verifying that risk strategies, management policies and the Risk Appetite Framework (RAF) have been correctly implemented;
- defining policies and processes for evaluating corporate activities, including verification that the price and conditions of client transactions comply with the risk-related business model and strategies.

Without prejudice to the competencies of the Remuneration Committee, the Committee checks that the incentives underlying the remuneration and incentive system comply with the RAF, particularly taking into account risks, capital and liquidity.

Moreover, the Committee reports to the Board of Directors on the status of the Group's internal control system.

Furthermore, as regards investments in non-financial equities, the Committee assesses, supports and puts forward proposals with regard to organizing and enacting internal controls on the making and managing of equity investments in non-financial companies, in addition to verifying compliance within the framework of such equity investments in terms of strategic and operational guidelines.

# Governance structure

## Corporate Governance & Nomination Committee

The Corporate Governance & Nomination Committee consists of 3 non-executive Directors.

The composition of the Corporate Governance & Nomination Committee is the following: Mr. Lamberto Andreotti (Chairman), Ms. Jane-Anne Gadhia and Mr. Alexander Wolfring.

All members of the Committee meet the independence requirements prescribed by the Code and are independent pursuant to Art.13 of the Decree issued by the Ministry of Economics and Finance No.169/2020 and Art.148 of the Consolidated Law on Finance.

In 2021, the Committee held 19 meetings.

### Duties

Among other things, the Committee:

- a) provides opinions and support to the Board regarding the definition of the UniCredit corporate governance system, corporate structure and Group governance models and guidelines;
- b) drafts proposals to be submitted to the Board regarding the optimal qualitative and quantitative composition of the Board, and the maximum number of posts held by Directors in other companies considered compatible with effectively fulfilling these roles at UniCredit;
- c) provides opinions and support regarding the Board self-assessment process, as directed by the Chair of the Board of Directors;
- d) sets targets for the least well represented gender in corporate bodies as well as for management and staff belonging to the Group, and prepares a plan to bring this proportion up to set targets;
- e) drafts proposals to be submitted to the Chair of the Board of Directors regarding the selection of staff appointed to conduct the Board's self-assessment process.

The Committee provides opinions and support to the Board also regarding:

- a) the verification that UniCredit Directors comply with the requirements provided by applicable laws and the Articles of Association (including the ban on interlocking directorships laid down by applicable laws), and that they collectively and individually ensure abidance with the qualitative and quantitative composition of the Board deemed to be optimal;
- b) the selection of candidates for the post of Chair, Chief Executive Officer and Director of UniCredit, in the event of co-optation, and, should the Board present its own list of candidates for the position of independent Director for approval by the UniCredit Shareholders' Meeting, taking into due account any recommendations from shareholders, as per the process for selecting candidates to the post of Board of Directors members (including the Chair and the Chief Executive Officer) approved by the Board itself;
- c) the appointment of the CEO, General Manager, Deputy General Managers and other Executives with strategic responsibilities;
- d) the verification that the General Manager and the Manager in charge of drafting the company financial reports comply with the requirements provided by applicable laws and the Articles of Association, if applicable;
- e) the definition of appointment and succession plan policies for the CEO, General Manager, Deputy General Managers and other Executives with strategic responsibilities, Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and Leadership Team (Senior Vice Presidents);
- f) the definition of the policy for the appointment of corporate officers (members of the Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies;
- g) the designation of corporate officers (members of the Board of Directors, Board of Statutory Auditors and Supervisory Board) at the main companies.

Moreover, the Committee:

- provides support, coordinating with the Internal Controls & Risks Committee, in proposing candidates or assessing dismissal for the roles of Heads of corporate control functions to the Board of Directors;
- undertakes research to help the Board of Directors draft a succession plan for executive directors.

## ESG Committee

The ESG Committee consists of 3 non-executive Directors.

The composition of the ESG Committee is the following: Ms. Francesca Tondi (Chairwoman), Mr. Jeffrey Alan Hedberg and Ms. Beatriz Ángela Lara Bartolomé.

All members of the Committee meet the independence requirements prescribed by the Code and are independent pursuant to Art.13 of the Decree issued by the Ministry of Economics and Finance no. 169/2020 and Art.148 of the Consolidated Law on Finance.

In 2021, the Committee held 7 meetings.

# Governance structure

## Duties

The purpose of the ESG Committee is to support the Board of Directors in fulfilling its responsibilities with respect to the ESG integral components on the Group's business strategy and sustainability.

The ESG Committee shall provide opinions and support to the other Board Committees to ensure the alignment of the Group's policies to UniCredit's ESG principles and objectives.

The Committee also oversees:

- ESG and sustainability-related developments also considering international guidelines and principles and market developments, monitoring the positioning of the Group with respect to national and international best practices in the ESG field;
- the preparation of the yearly Integrated Report, which constitutes a non-financial declaration pursuant to the provisions of articles 3 and 4 of Legislative Decree no. 254/2016, as well as the preparation of the TCFD (Task force on Climate-related Financial Disclosures) report, and any other specific disclosure obligations required by future ESG commitments of the Bank.

## Remuneration Committee

The Remuneration Committee consists of 3 non-executive Directors.

The composition of the Remuneration Committee is the following: Ms. Jane-Anne Gadhia (Chairwoman), Mr. Luca Molinari and Ms. Renate Wagner.

The majority of the members of the Committee meet the independence requirements prescribed by the Code; all members of the Committee are independent pursuant to Art.13 of the Decree issued by the Ministry of Economics and Finance No.169/2020 and Art.148 of the Consolidated Law on Finance.

At least one member of the Committee has adequate knowledge and experience in finance or remuneration policies, which the Board of Directors assesses at such time as they are appointed to the Committee.

In order for the incentives included in the compensation and incentive schemes to be consistent with the Bank's risk, capital and liquidity management, as well as to get updates on the market trends, compensation levels and regulatory developments, an external advisor also attends Committee meetings.

The Group Chief Risk Officer is invited, upon need, to attend Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

In 2021, the Committee held 16 meetings.

## Duties

Among other things, the Committee:

- puts proposals to the Board regarding the remuneration and the performance goals associated with its variable portion, for the members of the Board of Directors, the General Manager, Deputy General Managers, Heads of the corporate control functions and personnel whose remuneration and incentive systems are decided upon by the Board;
- exercises oversight on the criteria for remunerating the most significant employees, as identified pursuant to the relevant Banca d'Italia provisions, as well as on the outcomes of the application of such criteria.

Furthermore, the Committee issues opinions to the Board on:

- a) the remuneration policy for Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents);
- b) Group incentive schemes based on financial instruments;
- c) the remuneration policy for corporate officers (members of the Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies.

Committee members regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposal for such remuneration is calculated.



# Governance structure

Furthermore, the Committee:

- coordinates the process for identifying material risk takers on an on-going basis;
- directly oversees the correct application of rules regarding the remuneration of the Heads of corporate control functions, working closely with the Board of Statutory Auditors;
- works with the other committees, particularly the Internal Controls & Risks Committee, to verify that the incentives included in compensation and incentive schemes are consistent with the RAF, ensuring the involvement of the corporate functions responsible for drafting and monitoring remuneration and incentive policies and practices;
- provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders' Meeting;
- where necessary drawing on information received from the relevant corporate functions, expresses its opinion on the achievement of the performance targets associated with incentive schemes, and on the other conditions laid down for bonus payments.

## Related-Parties Committee

The Related-Parties Committee consist of 3 independent Directors.

The composition of the Related-Parties Committee is the following: Ms. Maria Pierdicchi (Chairwoman), Mr. Vincenzo Cariello and Ms. Elena Carletti.

In reference to the Related-Parties Committee's meetings, only for reasons of urgency, in specific cases dealing with transactions falling into the decision-making powers of the Board of Directors, a meeting may be convened at least twelve hours in advance.

In 2021 the Committee held 14 meetings.

## Duties

The Committee oversees issues concerning transactions with related parties pursuant to CONSOB Regulation No.17221/2010 and transactions with associated parties pursuant to Bank of Italy Circular No.285/2013 (Third Part, Chapter 11), carrying out the specific role attributed to independent directors by the aforementioned provisions. Furthermore, it carries out any other duties assigned to it within the Global Policy for the management of transactions with persons in conflict of interest.

The Company's competent offices ensure a constant monitoring of transactions envisaged by the procedures for the identification and management of transactions with related and/or associated parties, also in view of enabling the Committee to propose corrective actions.

### a) Temporary replacement in cases of conflict of interest

For each individual transaction, Committee members must be different from the counterparty, its associated parties and/or any entities related to it.

If a Committee member is a counterparty to the transaction under examination (or is related/associated with the counterparty), he/she must promptly inform the Chair of the Board of Directors and the Committee Chair (provided he/she is not in a conflict of interest situation), and abstain from attending further Committee proceedings with regard to the transaction in which the relationship exists. Having consulted with the Committee Chair (provided he/she is not in a conflict of interest situation), the Chair of the Board of Directors shall immediately take steps to replace the member who has this conflict of interest with another member from the Board of Directors who qualifies as independent pursuant to the Italian Corporate Governance Code, after contacting them beforehand, in order to restore the Committee to three non-related and non-associated independent Directors.

### b) Temporary replacement of unavailable members in the event of an urgent transaction

For transactions that need to be finalized urgently and require the intervention of the Related-Parties Committee during negotiations and due diligence and/or during the issue of opinions, having acknowledged the urgency and noted that the majority or all members are unable to meet or carry out the required activities in time to conclude the transaction, the Committee Chair shall promptly inform the Chair of the Board of Directors of this situation.

In any event, these circumstances must be communicated no later than the day after the Committee Chair was informed that the majority or all Committee members were not available.

Having consulted with the CEO and determined that the transaction cannot be delayed, the Chair of the Board of Directors immediately takes steps to find three Directors to sit on the Committee and follow the process for temporary substitutions in the event of conflicts of interest.

# Governance structure

As regards sections a) and b) above, it should be noted that:

- replacements must be provided with all available information in good time before the meeting at which the Committee is called upon to express its opinion regarding the transaction;
- replacements undertake the duties allocated to them until the conclusion of the decision-making process regarding the specific transaction in question, and remain involved in the decisions taken by the Committee.

## Board Committees

MEMBERS	EXEC.	NON EXEC.	INDEP. AS CODE	INTERNAL CONTROLS & RISKS COMMITTEE		CORPORATE GOVERNANCE & NOMINATION COMMITTEE		ESG COMMITTEE		REMUNERATION COMMITTEE		RELATED-PARTIES COMMITTEE	
				(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Padoan Pietro Carlo		X	X			M <sup>(1)</sup>	100%						
Andreotti Lamberto		X	X			C <sup>(2)</sup>	100%			C <sup>(1)</sup>	100%		
Orcel Andrea	X												
Cariello Vincenzo		X	X									M	100%
Carletti Elena		X	X	C <sup>(3)</sup>	100%					M <sup>(1)</sup>	100%	M <sup>(2)</sup>	100%
Gadhia Jayne-Anne		X	X			M <sup>(2)</sup>	100%			C <sup>(2)</sup>	100%		
Hedberg Jeffrey Alan		X	X					M <sup>(2)</sup>	100%				
Lara Bartolomé Beatriz Ángela		X	X					M <sup>(2)</sup>	100%				
Molinari Luca		X	X							M <sup>(2)</sup>	100%		
Pierdicchi Maria		X	X	M	100%							C	100%
Tondi Francesca		X	X	M	100%	M <sup>(1)</sup>	100%	C <sup>(2)</sup>	100%				
Wagner Renate		X								M <sup>(2)</sup>	91.67%		
Wolfgring Alexander		X	X	M <sup>(4)</sup>	100%	M	100%						
----- Members who left during the Reference Period -----													
Bisoni Cesare		X											
Mustier Jean Pierre	X												
Al Mehairi Mohamed Hamad		X	X										
Balbinot Sergio		X											
De Giorgi Diego		X	X							M <sup>(1)</sup>	50%		
Micossi Stefano		X	X			C <sup>(1)</sup>	88.89%					M <sup>(1)</sup>	75%
<b>No. of meetings held during the financial year</b>				<b>IC&amp;RC: 20</b>		<b>CG&amp;NC: 19</b>		<b>ESGC: 7</b>		<b>RC: 16</b>		<b>RPC: 14</b>	

### Notes:

(\*) A "C" (Chair) or an "M" (Member) in this column shows that the member of the Board of Directors belongs to the Committee and also indicates his/her position.

(\*\*) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the Reference Period).

(1) Office held since 15 April 2021.

(2) Office held until 15 April 2021.

(3) Chair of the IC&RC since 15 April 2021.

(4) Chair of the IC&RC until 15 April 2021.

# Governance structure

## Board of Statutory Auditors

Pursuant to the UniCredit Articles of Association, the Ordinary Shareholders' Meeting appoints 5 permanent Statutory Auditors, among whom the Chair, and 4 substitute Statutory Auditors. Both the permanent and substitute Statutory Auditors may be re-elected.

Permanent and substitute members of the Board of Statutory Auditors are appointed on the basis of a proportional representation mechanism ("voto di lista") in abidance to the composition criteria, *inter alia*, regarding the appointment of the Chair of the Board of Statutory Auditors by the minority shareholders and the balance between genders, as established by the UniCredit Articles of Association, and in compliance with current legal provisions. In detail, the candidate who has obtained the highest share of votes among the candidates belonging to the slate that obtained the highest number of votes among the minority slates, as defined by current provisions (also regulatory) in force, shall be selected by the Shareholders' Meeting as Chair of the Board of Statutory Auditors.

Their term in office is 3 financial years and ends on the date of the Shareholders' Meeting called upon to approve the financial statements relating to the last year in which they are in office.

Members of the Board of Statutory Auditors shall meet the requirements envisaged by current provisions, also of a regulatory nature, in particular the professional experience, integrity and independence ones, and they can hold administrative and control appointments with other companies within the limits set by current laws and regulations.

The ordinary Shareholders' Meeting of 11 April 2019 appointed the permanent and substitute Statutory Auditors for the 2019-2021 financial years, whose term runs until 8 April 2022, the date of the Shareholders' Meeting called to approve the 2021 financial statements.

In the following chart the information regarding the members of the Board of Statutory Auditors in office.

### Statutory Auditors

POSITION	MEMBERS	IN OFFICE		SLATE (M/m) <sup>(*)</sup>	INDEPENDENT AS PER CODE	%(**)	NUMBER OF OTHERS POSITIONS <sup>(***)</sup>
		SINCE	UNTIL				
Chairman	Rigotti Marco Giuseppe Maria	04.11.2019	04.08.2022	m	X	100%	--
Permanent Statutory Auditor	Bonissoni Angelo Rocco	04.11.2019	04.08.2022	M	X	98.5%	2
Permanent Statutory Auditor	Navarra Benedetta	04.11.2019	04.08.2022	M	X	100%	1
Permanent Statutory Auditor	Paolucci Guido	04.11.2019	04.08.2022	M	X	100%	--
Permanent Statutory Auditor	Bientinesi Antonella	04.11.2019	04.08.2022	m	X	100%	1
Substitute Statutory Auditor	Pagani Raffaella	04.11.2019	04.08.2022	M	X		
Substitute Statutory Auditor	Manes Paola	04.11.2019	04.08.2022	M	X		
Substitute Statutory Auditor	Rimoldi Enrica	04.11.2019	04.08.2022	m	X		
Substitute Statutory Auditor	Di Carluccio Ciro <sup>(1)</sup>	04.15.2021	04.08.2022	--	X		
---- Statutory Auditors that left off during the Reference Period ----							
--							
Quorum required for the submission of the slates for the latest appointment: 0.5%							
Number of meetings held during the financial year: 64							

#### Notes:

(\*) M = Member elected from the slate that obtained the majority of the Shareholders' votes; m = Member elected from the slate voted by a minority.

(\*\*) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the Reference Period).

(\*\*\*) Number of positions as Director or Auditor held by the concerned party pursuant to Art.148/bis of the Consolidated Law on Finance (TUF) and to the relevant implementing provisions contained in the CONSOB Issuers' Regulation. A complete list of such positions is published by the CONSOB on its website pursuant to Art.144-quinquiesdecies of the CONSOB Issuers Rules.

(1) Appointed by the 15 April 2021, Shareholders' Meeting in place of Mr. Roberto Franchini, who resigned as Substitute Statutory Auditor, effective from 28 April 2020.



# Governance structure

## Share capital

As at 31 December 2021, the fully subscribed and paid up UniCredit share capital amounted to Euro 21,133,469,082.48, divided into No.2,226,129,520 ordinary shares with no nominal value. The ordinary shares are issued in a dematerialised form and are indivisible as well as freely transferable. Each share entitles holders to the right to cast one vote at ordinary and extraordinary shareholders' meetings.

No other types of shares, equity instruments or convertible or exchangeable bonds have been issued.

## Major Shareholders

On the basis of the communications received in accordance with Art.120 of the Consolidated Law on Finance (TUF), direct and indirect relevant equity holdings as at 31 December 2021, registered on the Shareholders Register are stated below. The shareholders listed below hold more than 3%, and do not qualify for disclosure exemptions (as provided under Art.119/bis of CONSOB Rule No.11971/99).

DECLARANT	DIRECT SHAREHOLDER	% (up to the third decimal) OF ORDINARY CAPITAL	% (up to the third decimal) OF VOTING CAPITAL
<b>Capital Research and Management Company</b>		<b>6.287%</b>	<b>6.287%</b>
	<i>EuroPacific Growth Fund</i>	5.130%	5.130%
<b>BlackRock Group</b>		<b>5.162%</b>	<b>5.162%</b>
	<i>BlackRock Fund Advisors</i>	1.418%	1.418%
	<i>BlackRock Institutional Trust Company, National Association</i>	1.354%	1.354%
	<i>BlackRock Advisors (UK) Ltd</i>	0.821%	0.821%
	<i>BlackRock Asset Management Deutschland Ag</i>	0.677%	0.677%
	<i>BlackRock Investment Management (UK) Ltd</i>	0.334%	0.334%
	<i>BlackRock Investment Management, Llc</i>	0.246%	0.246%
	<i>BlackRock Advisors, Llc</i>	0.106%	0.106%
	<i>BlackRock Asset Management Canada Ltd</i>	0.072%	0.072%
	<i>BlackRock Japan Co. Ltd</i>	0.055%	0.055%
	<i>BlackRock Investment Management (Australia) Ltd</i>	0.043%	0.043%
	<i>BlackRock Financial Management, Inc.</i>	0.032%	0.032%
	<i>BlackRock Asset Management North Asia Ltd</i>	0.003%	0.003%
	<i>Aperio Group Llc</i>	0.002%	0.002%
	<i>Blackrock (Singapore) Ltd</i>	0.000%	0.000%
	<i>Blackrock International Limited</i>	0.000%	0.000%
<b>Allianz SE Group</b>		<b>3.128%</b>	<b>3.128%</b>
	<i>Allianz Finance II Luxembourg S.a.r.l.</i>	3.023%	3.023%
	<i>Allianz S.p.A.</i>	0.087%	0.087%
	<i>Allianz Lebensversicherung Ag</i>	0.007%	0.007%
	<i>Investitori Società di Gestione del Risparmio Società per Azioni</i>	0.007%	0.007%
	<i>Allianz Life Luxembourg Sa</i>	0.002%	0.002%
	<i>Allianz Benelux Sa</i>	0.001%	0.001%
	<i>Allianz Vie</i>	0.000%	0.000%

# Governance structure

## Participation Rights

Eligible to attend Shareholders' Meetings are those who hold voting rights and in respect of whom the Company has received, from the broker holding the relevant securities account, the notification within the deadline set forth by applicable law (record date, i.e., seven market trading days before the Shareholders' Meeting date).

Those who hold voting rights may arrange to be represented in the Shareholders' Meeting, in compliance with the provisions of the prevailing law.

UniCredit has always encouraged its shareholders to exercise their participation and voting rights and, for that reason, some time ago it adopted the Regulations governing Shareholders' Meetings to ensure their regular conduct. Said Regulations are available on UniCredit website on the Governance/Shareholders' Meeting Section.

## Group Executive Committee (GEC)

The Group Executive Committee (GEC) is a Managerial Committee set up in order to ensure the effective steering, coordination and control of Group business, as well as an effective managerial alignment across the Group.



**ANDREA ORCEL**

Group Chief Executive Officer



**NICCOLÒ UBERTALLI**

Head of Italy



**MICHAEL DIEDERICH**

Head of Germany



**GIANFRANCO BISAGNI**

Head of Central Europe



**TEODORA PETKOVA**

Head of Eastern Europe



**RICHARD BURTON**

Head of Client Solutions





**STEFANO PORRO**

Chief Financial Officer



**JINGLE PANG**

Group Digital & Information  
Officer



**RANIERI DE MARCHIS**

Group Operating Officer



**FIONA MELROSE**

Head of Group Strategy & ESG



**JOANNA CARSS**

Head of Group Stakeholder  
Engagement



**TJ LIM**

Group Risk Officer



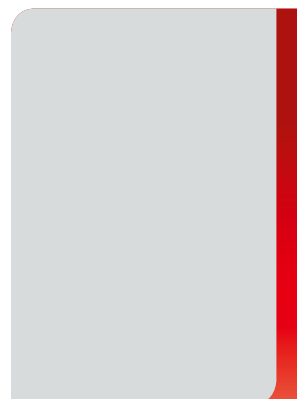
**SERENELLA DE CANDIA**

Group Compliance Officer



**GIANPAOLO ALESSANDRO**

Group Legal Officer  
Secretary of the Board  
of Directors



**ANDREA VINTANI**

AD INTERIM UNTIL MAY 2022

Group People and Culture Officer

## Board of Directors

Directors' term in office is three financial years, unless a shorter term is established at such time as they are appointed, and ends on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year in which they are in office.

The Board of Directors currently in office was appointed by the **Ordinary Shareholders' Meeting on April 15, 2021** for the financial years 2021 - 2023, on the basis of a proportional representation mechanism ("voto di lista"), and its terms of office ends on the date of the Shareholders' Meeting called to approve the 2023 financial statements.

As regards the actions taken in recent years to strengthen **our governance** and align it with international best practices, improving the composition and functioning of the Board of Directors has been a fundamental commitment for our Group.



**PIETRO CARLO PADOAN**

Chairman of the Board of Directors



**LAMBERTO ANDREOTTI**

Deputy Chairman



**ANDREA ORCEL**

Group Chief Executive Officer



**VINCENZO CARIELLO**

Director



**ELENA CARLETTI**

Director



**JAYNE-ANNE GADHIA**

Director



**JEFFREY ALAN HEDBERG**

Director



**BEATRIZ LARA BARTOLOMÉ**

Director



**LUCA MOLINARI**

Director



**MARIA PIERDICCHI**

Director



**FRANCESCA TONDI**

Director



**RENATE WAGNER**

Director



**ALEXANDER WOLFGRING**

Director



**GIANPAOLO ALESSANDRO**

Group Legal Officer  
Secretary of the Board of Directors





## Consolidated accounts

## Consolidated balance sheet

			(€ million)
			AMOUNTS AS AT
ASSETS	12.31.2021	12.31.2020	
10. Cash and cash balances	107,407	117,003	
20. Financial assets at fair value through profit or loss:	92,239	87,825	
a) financial assets held for trading	80,109	72,705	
b) financial assets designated at fair value	279	226	
c) other financial assets mandatorily at fair value	11,851	14,894	
30. Financial assets at fair value through other comprehensive income	68,564	72,737	
40. Financial assets at amortised cost:	593,618	608,205	
a) loans and advances to banks	91,403	102,193	
b) loans and advances to customers	502,215	506,012	
50. Hedging derivatives	3,065	3,802	
60. Changes in fair value of portfolio hedged items (+/-)	1,511	3,886	
70. Equity investments	4,073	4,354	
80. Insurance reserves charged to reinsurers	-	-	
90. Property, plant and equipment	8,911	9,939	
100. Intangible assets	2,213	2,117	
of which: goodwill	-	-	
110. Tax assets:	13,552	13,098	
a) current	1,954	1,737	
b) deferred	11,598	11,361	
120. Non-current assets and disposal groups classified as held for sale	14,287	2,017	
130. Other assets	7,231	6,473	
<b>Total assets</b>	<b>916,671</b>	<b>931,456</b>	

			(€ million)
			AMOUNTS AS AT
LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2021	12.31.2020	
10. Financial liabilities at amortised cost:	761,023	775,747	
a) deposits from banks	162,571	172,473	
b) deposits from customers	502,554	500,750	
c) debt securities in issue	95,898	102,524	
20. Financial liabilities held for trading	51,608	47,787	
30. Financial liabilities designated at fair value	9,556	10,568	
40. Hedging derivatives	4,303	5,699	
50. Value adjustment of hedged financial liabilities (+/-)	963	6,065	
60. Tax liabilities:	1,215	1,358	
a) current	627	792	
b) deferred	588	566	
70. Liabilities associated with assets classified as held for sale	2,149	761	
80. Other liabilities	13,301	12,749	
90. Provision for employee severance pay	516	592	
100. Provisions for risks and charges:	9,944	10,188	
a) commitments and guarantees given	1,425	1,388	
b) post-retirement benefit obligations	4,738	5,677	
c) other provisions for risks and charges	3,781	3,123	
110. Technical reserves	-	-	
120. Valuation reserves	(4,337)	(6,159)	
130. Redeemable shares	-	-	
140. Equity instruments	6,595	6,841	
150. Reserves	31,451	31,167	
160. Share premium	5,446	9,386	
170. Share capital	21,133	21,060	
180. Treasury shares (-)	(200)	(3)	
190. Minority shareholders' equity (+/-)	465	435	
200. Profit (Loss) of the year (+/-)	1,540	(2,785)	
<b>Total liabilities and shareholders' equity</b>	<b>916,671</b>	<b>931,456</b>	

## Consolidated accounts

## Consolidated income statement

ITEMS	YEAR	
	2021	2020
10. Interest income and similar revenues	12,703	13,182
of which: interest income calculated with the effective interest method	9,846	11,095
20. Interest expenses and similar charges	(3,612)	(3,685)
<b>30. Net interest margin</b>	<b>9,091</b>	<b>9,497</b>
40. Fees and commissions income	7,963	7,169
50. Fees and commissions expenses	(1,260)	(1,212)
<b>60. Net fees and commissions</b>	<b>6,703</b>	<b>5,957</b>
70. Dividend income and similar revenues	351	208
80. Net gains (losses) on trading	1,472	678
90. Net gains (losses) on hedge accounting	49	(54)
100. Gains (Losses) on disposal and repurchase of:	244	230
a) financial assets at amortised cost	53	80
b) financial assets at fair value through other comprehensive income	141	144
c) financial liabilities	50	6
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(469)	225
a) financial assets/liabilities designated at fair value	(306)	242
b) other financial assets mandatorily at fair value	(163)	(17)
<b>120. Operating income</b>	<b>17,441</b>	<b>16,741</b>
130. Net losses/recoveries on credit impairment relating to:	(2,185)	(4,656)
a) financial assets at amortised cost	(2,167)	(4,640)
b) financial assets at fair value through other comprehensive income	(18)	(16)
140. Gains/Losses from contractual changes with no cancellations	(5)	(20)
<b>150. Net profit from financial activities</b>	<b>15,251</b>	<b>12,065</b>
160. Net premiums	-	-
170. Other net insurance income/expenses	-	-
<b>180. Net profit from financial and insurance activities</b>	<b>15,251</b>	<b>12,065</b>
190. Administrative expenses:	(11,257)	(11,479)
a) staff costs	(7,045)	(7,388)
b) other administrative expenses	(4,212)	(4,091)
200. Net provisions for risks and charges:	(377)	(488)
a) commitments and financial guarantees given	(26)	(330)
b) other net provisions	(351)	(158)
210. Net value adjustments/write-backs on property, plant and equipment	(857)	(960)
220. Net value adjustments/write-backs on intangible assets	(621)	(471)
230. Other operating expenses/income	566	513
<b>240. Operating costs</b>	<b>(12,546)</b>	<b>(12,885)</b>
250. Gains (Losses) of equity investments	(1,462)	(1,297)
260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(19)	10
270. Goodwill impairment	-	(886)
280. Gains (Losses) on disposals on investments	11	488
<b>290. Profit (Loss) before tax from continuing operations</b>	<b>1,235</b>	<b>(2,505)</b>
300. Tax expenses (income) of the year from continuing operations	331	(322)
<b>310. Profit (Loss) after tax from continuing operations</b>	<b>1,566</b>	<b>(2,827)</b>
320. Profit (Loss) after tax from discontinued operations	4	49
<b>330. Profit (Loss) of the year</b>	<b>1,570</b>	<b>(2,778)</b>
340. Minority profit (loss) of the year	(30)	(7)
<b>350. Parent Company's profit (loss) of the year</b>	<b>1,540</b>	<b>(2,785)</b>
Earnings per share (€)	0.680	(1.306)
Diluted earnings per share (€)	0.675	(1.298)



## Consolidated accounts

## Consolidated statement of other comprehensive income

(€ million)

ITEMS	AS AT	
	12.31.2021	12.31.2020
<b>10. Profit (Loss) for the year</b>	<b>1,570</b>	<b>(2,778)</b>
<b>Other comprehensive income after tax not reclassified to profit or loss</b>	<b>650</b>	<b>(462)</b>
20. Equity instruments designated at fair value through other comprehensive income	138	(112)
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	25	(83)
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	251	30
60. Intangible assets	-	-
70. Defined-benefit plans	210	(288)
80. Non-current assets and disposal groups classified as held for sale	7	(5)
90. Portion of valuation reserves from investments valued at equity method	19	(4)
<b>Other comprehensive income after tax reclassified to profit or loss</b>	<b>1,173</b>	<b>560</b>
100. Foreign investments hedging	-	-
110. Foreign exchange differences	287	(922)
120. Cash flow hedging	(314)	(40)
130. Hedging instruments (non-designated items)	-	-
140. Financial assets (different from equity instruments) at fair value through other comprehensive income	(378)	136
150. Non-current assets and disposal groups classified as held for sale	1,589	656
160. Part of valuation reserves from investments valued at equity method	(11)	730
<b>170. Total other comprehensive income after tax</b>	<b>1,823</b>	<b>98</b>
<b>180. Other comprehensive income (Item 10+170)</b>	<b>3,393</b>	<b>(2,680)</b>
190. Minority consolidated other comprehensive income	(30)	2
<b>200. Parent Company's consolidated other comprehensive income</b>	<b>3,363</b>	<b>(2,678)</b>

## Consolidated accounts

## Statement of changes in the consolidated shareholders' equity as at 31 December 2021

(€ million)

	BALANCE AS AT 12.31.2020	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2021	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN RESERVES	CHANGES IN THE YEAR										TOTAL SHAREHOLDERS' EQUITY AS AT 12.31.2021	GROUP SHAREHOLDERS' EQUITY AS AT 12.31.2021	MINORITY SHAREHOLDERS' EQUITY AS AT 12.31.2021
							SHAREHOLDERS' EQUITY TRANSACTIONS												
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS		ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	ADVANCED DIVIDENDS	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	OTHER COMPREHENSIVE INCOME 2021				
Share capital:	21,229	-	21,229	-	-	(2)	73	-	-	-	-	-	-	-	-	21,300	21,133	167	
- ordinary shares	21,229	-	21,229	-	-	(2)	73	-	-	-	-	-	-	-	-	21,300	21,133	167	
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share premium	9,476	-	9,476	(2,732)	-	(1,202)	-	-	-	-	-	-	-	-	-	5,542	5,446	96	
Reserves:	31,334	-	31,334	(49)	-	610	(73)	-	-	(268)	-	-	67	-	-	31,621	31,451	170	
- from profits	23,495	-	23,495	(49)	-	(147)	(73)	-	-	(268)	-	-	-	-	-	22,958	22,914	44	
- other	7,839	-	7,839	-	-	757	-	-	-	-	-	-	67	-	-	8,663	8,537	126	
Valuation reserves	(6,157)	-	(6,157)	-	-	(1)	-	-	-	-	-	-	-	-	1,823	(4,335)	(4,337)	2	
Advanced dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity instruments	6,841	-	6,841	-	-	-	-	-	-	-	(246)	-	-	-	-	6,595	6,595	-	
Treasury shares	(3)	-	(3)	-	-	-	181	(378)	-	-	-	-	-	-	-	(200)	(200)	-	
Profit (Loss) for the year	(2,778)	-	(2,778)	2,781	(3)	-	-	-	-	-	-	-	-	-	1,570	1,570	1,540	30	
Total shareholders' equity	59,942	-	59,942	-	(3)	(595)	181	(378)	-	(268)	(246)	-	67	-	3,393	62,093	61,628	465	
Group shareholders' equity	59,507	-	59,507	-	(2)	(596)	181	(378)	-	(268)	(246)	-	67	-	3,363	61,628			
Minority shareholders' equity	435	-	435	-	(1)	1	-	-	-	-	-	-	-	-	30	465			

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).

The cumulated change of valuation reserves, for +€1,822 million, mainly includes the effect of the variation for:

- +€1,604 million of investments valued at net equity mainly due to the following transactions related to the 20% stake in Yapi Ve Kredi Bankasi A.S. (YK): (i) the disposal of the 2% in the Market; (ii) the deconsolidation of the 18% following the loss of UniCredit's significant influence over YK (and the consequent recognition of a financial instrument in financial assets measured at fair value through profit or loss); such events implied the recycle, mostly through P&L, of the related reserves, basically referred to exchange rate differences on Turkish Lira, for the further details refer to Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70, 7.1 Equity investments: information on shareholders' equity;
- +€287 million of exchange differences, mainly related to Russian Ruble for +€154 million and Czech Crown for +€147 million;
- +€245 million of property, plant and equipment related to the properties used in business, ruled by IAS16 "Property, plant and machinery" mainly referred to the alignment between tax values of tangible assets and higher accounting values;
- +€214 million of defined-benefit plans related to pensions and other post-retirement benefits obligations and provision for employee severance pay;
- -€209 million of financial asset and liabilities at fair value;
- -€314 million of cash-flow hedges.

The change in Group share capital refers to the increase for +€73 million following the resolution of the Board of Directors of 10 February 2021 of UniCredit S.p.A. executed through a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel.

## Consolidated accounts

Following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 15 April 2021, the following events occurred: (i) coverage of the entire loss from the 2020 financial year through the use of the Share Premium Reserve (€2,732 million); (ii) increase of the Legal reserve (€55 million) withdrawn from Share Premium Reserve; (iii) coverage of the negative reserves totaling €449 million, partly by use of Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€322 million) and partly by use of the Statutory reserve to cover the negative reserve emerged from the cash-out, made during 2020, related to usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for the issuance of convertible securities denominated "Cashes" (€127 million); (iv) the allocation of a portion of the Share Premium Reserve (€179 million) to set up a specific unavailable reserve for the execution of the "First Buy-Back Programme 2021" concluded on 23 June 2021 with the purchase of No. 17,416,128 shares recorded under the item Treasury shares; (v) the unavailable reserve was consequently used to offset the negative item Treasury shares (€181 million) following the cancellation of the shares registered on 4 October 2021, including treasury shares already held in portfolio before the start of the buy-back; (vi) for the execution of the "Second Buy-Back Programme" launched on 13 December 2021, an additional portion of the Share Premium Reserve (€652 million) was allocated to the specific unavailable reserve for the maximum amount of authorised purchases.

The change in the period in the item "Purchase of treasury shares" included also -€199 million for the purchase of No. 15,048,642 shares performed till 31 December 2021 in execution of the "Second Buy-Back Programme 2021".

Moreover, the change of the other reserves includes the payment of coupons on AT1 equity instruments for -€343 million.

Furthermore, the change in the period in the item "Equity instruments" equal to -€246 million is referred to: (i) -€990 million anticipated redemption of AT1 equity instruments issued in 2014; (ii) +€744 million issue of AT1 equity instruments, both net of fees.

For further details about the Shareholders' equity changes refer to Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities, Section 13.

## Statement of changes in the consolidated shareholders' equity as at 31 December 2020

	BALANCE AS AT 12.31.2019	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2020	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR											TOTAL SHAREHOLDERS' EQUITY AS AT 12.31.2020	GROUP SHAREHOLDERS' EQUITY AS AT 12.31.2020	MINORITY SHAREHOLDERS' EQUITY AS AT 12.31.2020
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS								OTHER COMPREHENSIVE INCOME 2020				
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	ADVANCED DIVIDENDS	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS					
Share capital:	21,166	-	21,166	-	-	(2)	65	-	-	-	-	-	-	-	-	21,229	21,060	169	
- ordinary shares	21,166	-	21,166	-	-	(2)	65	-	-	-	-	-	-	-	-	21,229	21,060	169	
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share premium	13,311	-	13,311	(555)	-	(3,280)	-	-	-	-	-	-	-	-	-	9,476	9,386	90	
Reserves:	24,327	-	24,327	4,043	-	2,979	(65)	-	-	-	-	-	50	-	-	31,334	31,167	167	
- from profits	16,694	-	16,694	4,043	-	2,823	(65)	-	-	-	-	-	-	-	-	23,495	23,455	40	
- other	7,633	-	7,633	-	-	156	-	-	-	-	-	-	50	-	-	7,839	7,712	127	
Valuation reserves	(6,109)	-	(6,109)	-	-	(146)	-	-	-	-	-	-	-	-	98	(6,157)	(6,159)	2	
Advanced dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity instruments	5,602	-	5,602	-	-	-	-	-	-	-	1,239	-	-	-	-	6,841	6,841	-	
Treasury shares	(3)	-	(3)	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)	-	
Profit (Loss) for the year	3,491	-	3,491	(3,488)	(3)	-	-	-	-	-	-	-	-	-	(2,778)	(2,778)	(2,785)	7	
Total shareholders' equity	61,785	-	61,785	-	(3)	(449)	-	-	-	-	1,239	-	50	-	(2,680)	59,942	59,507	435	
Group shareholders' equity	61,416	-	61,416	-	(2)	(518)	-	-	-	-	1,239	-	50	-	(2,678)	59,507			
Minority shareholders' equity	369	-	369	-	(1)	69	-	-	-	-	-	-	-	-	(2)	435			

The amounts disclosed in column "Stock Options" represented the effects of the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).

## Consolidated accounts

The cumulated change of valuation reserves, for -€48 million, included the effect of the variation for:

- +€726 million of investments valued at net equity and +€658 million of non-current assets classified as held for sale, mainly due to the disposal of respectively 11.93% and 9.02% stake of Yapi Ve Kredi Bankasi A.S. with the consequent recycle mostly to profit or loss of these reserves basically referred to exchange rate differences on Turkish Lira;
- +€25 million of property, plant and equipment related to the properties used in business, ruled by IAS16 "Property, plant and machinery";
- -€41 million of cash-flow hedges;
- -€60 million of financial asset and liabilities at fair value;
- -€434 million of defined-benefit plans related to pensions and other post-retirement benefits obligations and provision for employee severance pay (-€264 million for liability remeasurement and the residual mainly for temporary Deferred Tax asset sustainability test);
- -€922 million of exchange differences, mainly related to effect of Russian Ruble for -€681 million, Hungarian Forint for -€99 million and Czech Crown for -€81 million.

The change in Group share capital referred to the increase for +€65 million following the resolution of the Board of Directors of 5 February 2020 of UniCredit S.p.A. executed through a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel.

Following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 9 April 2020 occurred: (i) coverage the entire loss of UniCredit S.p.A. from the 2019 financial year through the use of the Share Premium Reserve (€555 million); (ii) coverage of the negative reserves totaling €3,408 million, partly by use of Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€525 million) and to the first time adoption of the IFRS9 (€2,759 million) and partly by use of the Statutory reserve to cover the negative reserve emerged from the cash-out connected to usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for the issuance of convertible securities denominated "Cashes" (€124 million).

It is worth to remind that, following the Recommendation 2020/35 published by ECB on 27 March 2020 not to pay dividends until October 2020, 2019 Group result of +€3,373 million had been entirely allocated to the reserves without proceeding with the dividend distribution during 2020, following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 9 April 2020. On 15 December 2020, the European Central Bank issued the Recommendation 2020/62 "on dividend distributions during the Covid-19 pandemic and repealing Recommendation ECB/2020/35"; the recommendation asked banks to "refrain from or limit dividends until September 2021". For the implications related to its application at UniCredit group, refer to the paragraph "Capital and value management - Capital ratios" of the Consolidated report on operations in Consolidated Report and Accounts 2020 of UniCredit group.

Moreover, the change of the other reserves included the payment of coupons on AT1 equity instruments for -€326 million.



## Consolidated accounts

## Consolidated cash flow statement (indirect method)

(€ million)

	YEAR	
	2021	2020
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations:</b>	<b>7,421</b>	<b>8,486</b>
- profit (loss) for the year (+/-)	1,570	(2,778)
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	(2,818)	(453)
- gains (losses) on hedge accounting (-/+)	(49)	54
- net impairment losses/writebacks on impairment for credit risk (+/-)	4,252	7,010
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	1,497	1,420
- net provisions for risks and charges and other expenses/income (+/-)	1,476	1,211
- uncollected net premiums (-)	-	-
- other uncollected insurance income/expenses (-/+)	-	-
- unpaid duties, taxes and tax credits (+/-)	(428)	118
- impairment/write-backs after tax on discontinued operations (+/-)	-	19
- other adjustments (+/-)	1,921	1,885
<b>2. Liquidity generated/absorbed by financial assets:</b>	<b>(1,164)</b>	<b>4,255</b>
- financial assets held for trading	(2,665)	(1,593)
- financial assets designated at fair value	(68)	(224)
- other financial assets mandatorily at fair value	2,859	3,333
- financial assets at fair value through other comprehensive income	3,826	6,452
- financial assets at amortised cost	628	(5,220)
- other assets	(5,744)	1,507
<b>3. Liquidity generated/absorbed by financial liabilities:</b>	<b>(13,778)</b>	<b>72,838</b>
- financial liabilities at amortised cost	(15,196)	76,034
- financial liabilities held for trading	2,367	(1,095)
- financial liabilities designated at fair value	(1,254)	930
- other liabilities	305	(3,031)
<b>Net liquidity generated/absorbed by operating activities</b>	<b>(7,521)</b>	<b>85,579</b>
<b>B. INVESTMENT ACTIVITIES</b>		
<b>1. Liquidity generated by:</b>	<b>638</b>	<b>2,025</b>
- sales of equity investments	67	508
- collected dividends on equity investments	150	61
- sales of property, plant and equipment	392	1,417
- sales of intangible assets	-	-
- sales of subsidiaries and business units	29	39
<b>2. Liquidity absorbed by:</b>	<b>(1,337)</b>	<b>(1,456)</b>
- purchases of equity investments	(1)	(10)
- purchases of property, plant and equipment	(522)	(730)
- purchases of intangible assets	(715)	(700)
- purchases of subsidiaries and business units	(99)	(16)
<b>Net liquidity generated/absorbed by investment activities</b>	<b>(699)</b>	<b>569</b>
<b>C. FUNDING ACTIVITIES</b>		
- issue/purchase of treasury shares	(378)	-
- issue/purchase of equity instruments	(256)	1,239
- dividend distribution and other	(774)	(579)
- sale/purchase of minority control	-	-
<b>Net liquidity generated/absorbed by funding activities</b>	<b>(1,408)</b>	<b>660</b>
<b>NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR</b>	<b>(9,628)</b>	<b>86,808</b>

Key:  
 (+) generated;  
 (-) absorbed.

# Consolidated accounts

## Reconciliation

ITEMS	YEAR	
	2021	2020
Cash and cash balances at the beginning of the year	117,003	30,345
Net liquidity generated/absorbed in the year	(9,628)	86,808
Cash and cash balances: foreign exchange effect	32	(150)
Cash and cash balances at the end of the year	107,407	117,003

(€ million)

The item "Cash and cash balances" refers to the definition according to Banca d'Italia (Circular No.262 of 22 December 2005 and subsequent amendments). For further details on item's composition refer to Part B - Consolidated balance sheet - Assets, Section 1 - Cash and cash balances - Item 10 of the Notes to the consolidated accounts.

The information related to the significant restrictions are provided in Part A - Accounting Policies, A.1 - General, Section 3 - Consolidation scope and methods.







## Part A - Accounting policies

### A.1 - General

#### Section 1 - Statement of compliance with IFRS

These Consolidated financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to 31 December 2021, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through Legislative Decree No.38 of 28 February 2005 (see Section 5 - Other matters).

These financial statements are an integral part of the Annual financial statements as required by Art.154-ter, par.1 of the Single Finance Act (Consolidated Law on Finance - TUF, Legislative Decree No.58 of 24 February 1998).

In Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments), with regard to the banks and financial institutions subject to supervision, Banca d'Italia has established the formats for the financial statements and Notes to the accounts used to prepare these Consolidated financial statements.

Banca d'Italia issued on 29 October 2021 the 7th update of its Circular No.262 that amends the formats of certain tables of the Notes to the consolidated accounts and preparation rules with the main objective to align financial statements information with Regulatory reporting (FINREP). Such update has been integrated by the 21 December 2021 Banca d'Italia Communication "Update of integration to Circular No.262 requirements - Banks financial statements: schemes and compilation rules" which has updated the information to be reported with regard to impacts coming from Covid-19 and related relief and support measures.

#### Section 2 - General preparation criteria

As mentioned above, these "Consolidated financial statements as at 31 December 2021" have been prepared in accordance with the international accounting standards endorsed by the European Commission.

The following documents have been used to interpret and support the application of such accounting standards, even though they have not all been endorsed by the European Commission:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and the documents prepared by either the IASB (including the IFRS Foundation communication of 27 March 2020 concerning "IFRS9 and Covid-19") or the International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretative documents on the application of the IAS/IFRS in Italy prepared by the Organismo Italiano di Contabilità (the Italian Standard Setter; OIC) and Associazione Bancaria Italiana (Italian Banking Association, that is the trade association of Italian banks; ABI);
- Coordination Table between Banca d'Italia, Consob ed Ivass with regard to the application of IAS/IFRS, in particular the Document n.9, dated 5 January 2021, Accounting Treatment of tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers ("Trattamento contabile dei crediti d'imposta connessi con i Decreti Legge "Cura Italia" e "Rilancio" acquistati a seguito di cessione da parte dei beneficiari diretti o di precedenti acquirenti");
- ESMA (European Securities and Markets Authority), European Banking Authority, European Central Bank and Consob documents on the application of specific IAS/IFRS provisions also with specific reference to the presentation of the effects arising from Covid-19 pandemic and their effects on the evaluation processes. In particular, it shall be made reference to the ESMA statements 25 March 2020, 20 May 2020, 28 October 2020 and 29 October 2021, to the European Central Bank statements dated 1 April 2020 and 4 December 2020, to the European Banking Authority statements dated 25 March 2020, 2 April 2020, 2 June 2020 and 2 December 2020, and to Consob "Call for attention" dated 16 February 2021. The content of these statements, when relevant, has been reported in "Section 5 - Other matters" of the Notes to consolidated accounts Part A - Accounting policies, A.1 General, in the context of the description of the evaluation choices made by the Group as at 31 December 2021.

The Consolidated financial statements include the Balance sheet, the Income statement, the Statement of other comprehensive income, the Statement of changes in shareholders' equity, the Cash flow statement (compiled using the "indirect method") and the Notes to the consolidated accounts, together with the Consolidated report on operations and Annexes. The schemes and Notes of the "Consolidated financial statement as at 31 December 2021" are in line with Banca d'Italia templates as prescribed by Circular 262 dated 22 December 2005 (7th update of 29 October 2021) as well as 21 December 2021 communication on impacts of Covid-19 and measures to support the economy, and they present comparative figures, as at 31 December 2020. More specifically, 2020 comparative figures have been recasted, when required, in order to reflect the mentioned Banca d'Italia Circular 262 updates. Main changes relate to (i) the reclassification of sight deposits and current accounts toward Banks and Central Banks into item Cash and cash balances, (ii) the specific and separate disclosure of Financial assets purchased or originated credit impaired, (iii) the disclosure in the tables reporting Covid-19 measures of the loans under moratorium no longer compliant to the Guidelines requirements and not valued as forbore exposure and (iv) the update of the tables related to commissions.

Figures in the consolidated accounts and Notes to the consolidated accounts are given in millions of euros, unless otherwise specified.

## Part A - Accounting policies

### Risks and uncertainty relating to the use of estimates

Under the IFRS, management must make judgments, estimates and assumptions that affect the application of accounting principles and the amounts of assets/liabilities and income and expenses reported in the accounts, as well as the disclosure concerning contingent assets and liabilities.

Estimates and related assumptions are based on previous experience and on the available information framework with reference to the current and expected context and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.

Estimates and assumptions are regularly reviewed. Any change resulting from these reviews is recognised in the period in which the review was carried out, provided the change only concerns that period. If the review concerns both current and future periods, it is recognised accordingly in both current and future periods.

In particular, estimated figures have been used for the recognition and measurement of some of the main items in the Consolidated financial statements as at 31 December 2021, as required by the accounting policies, statements and regulations described above.

The current market environment continues to be affected by an increased risk of a lower predictivity of the macro-economic projections arising from a substantial degree of uncertainty about the evolution of the pandemic and the consequent uncertainty of predicting timing and extent of the economic recovery which may occur in future periods. Such uncertainty is still persisting as at 31 December 2021 as also highlighted by ECB Macro-economic projections of September 2021<sup>12</sup> that report that GDP is showing positive growth rate for next years. However, the projected increase in global growth shall be assessed against the backdrop of: (i) persistent supply bottlenecks, and (ii) low vaccine rates in many Eastern Europe countries. These factors act as headwinds to growth, and weigh especially on more fragile economies, where progress on vaccination remains limited.

ECB updated its macroeconomic projections in December 2021<sup>13</sup> highlighting an increase in the uncertainty about the magnitude and the timing of economic recovery. Indeed, the ECB macroeconomic projections published by mid-December have noted that sharply rising rates of coronavirus (Covid-19) infections in several euro area countries led to a renewal of restrictions and heightened uncertainty about the duration of the pandemic. The emergence of the Omicron variant has added to this uncertainty. Moreover, supply bottlenecks have intensified and are expected to last longer, only gradually dissipating from the second quarter of 2022 and fully unwinding by 2023. Compared with the September 2021 projections, the intensified global supply bottlenecks and tighter pandemic-related restrictions have led to a downward revision to growth in the short term.

Additionally, ESMA issued a public statement ("European common enforcement priorities for 2021 Annual Financial Reports") in which it reiterated the messages already included in its 2020 Public Statement also with reference to impairment of assets.

In the context of persisting uncertainty explained above and considering the aforementioned ESMA communication, UniCredit group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of 2021 Consolidated financial statements.

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 (e.g. gross domestic product, interest rates); in this respect:

- with reference to the sustainability test of deferred tax assets, a worst-case scenario ("Downturn") was defined, reflecting a downward forecast of the expected profitability of the business;
- with reference to the valuation of credit exposures (IFRS9), two alternative scenarios ("Positive" and "Negative" vis-à-vis the "Baseline" scenario) were defined; such alternative scenarios provide for different assessments regarding the expected trend of the parameters that can influence the assessment of the prospective credit risk.

The paragraphs below provide a detailed description of the characteristics associated with the above scenarios.

### Deferred tax assets

As shown above and in light of the aforementioned considerations, UniCredit group has defined certain macro-economic scenarios, used for the measurement of deferred tax assets:

- Baseline scenario: it is the scenario, prepared in September 2021 and used for UniCredit Unlocked 2022-2024 strategic plan approved by the Board of Directors in the meeting held on 8 December 2021. Such scenario assumes that - in terms of macro-economic conditions - the recovery in the economic activity continues, showing resilience to any renewed intensification of the pandemic. This is consistent with the view that the economic damage of new waves of Covid-19 tends to become progressively smaller. Fiscal policy gradually normalises while remaining supportive and households can count on high savings accumulated during the pandemic. In Western Europe (WE), overall, Countries would be on track for solid expansion in 2022, followed by a slowdown in growth rates towards potential in 2023-2024. Central Europe (CE) and Eastern Europe (EE) economies would be on track for solid expansion in 2022, followed by a slowdown in growth rates in 2023-2024 similarly to Western Europe Countries. In EU-CEE and the Western Balkans the growth rates will be supported also by EU funding. With reference to FX rates, the Baseline scenario envisages a gradual appreciation of the CZK and a mild depreciation for the RON, the HUF and the RSD.

<sup>12</sup> European Central Banks Macroeconomic projections September 2021.

<sup>13</sup> European Central Banks Macroeconomic projections December 2021.

## Part A - Accounting policies

For the RUB, the exchange rate vs. the EUR is expected to increase somewhat in 2022, fall slightly in 2023 and remain broadly stable in 2024. Inflation would decelerate as

supply-demand imbalances triggered by the pandemic fade and base effects lower energy inflation. Central banks are willing to look through temporary inflation spikes and remain accommodative as fiscal stimulus works its way through the economy.

In terms of monetary policy, in the Eurozone, PEPP purchases are phased out in 2022 but traditional Quantitative Easing (QE) remains supportive. The phasing-out of stimulus is likely to happen gradually, consistently with the muted inflation outlook over the medium term. In CE & EE, in 2022, the scenario assumes further hikes in almost all countries, while in Russia a first reduction in interest rates is expected as inflation declines.

With reference to Interest rate, as central banks remain firmly accommodative, short term and MM rates are expected to remain close to present levels. Along with the pick-up in economic activity and the more general improvement in risk sentiment, long maturity yields are expected to rise, more pronouncedly in the US while more gradually in the Eurozone. This will lead to somewhat steeper curves.

The 10Y BTP-Bund spread is expected to stabilise as less supportive stance from the ECB is offset by improving macro fundamentals, amid still abundant liquidity.

- "Downturn" scenario: this scenario embeds stressed macro-economic conditions when compared to the "Baseline" considering the possible implications of having to live with Covid-19 well into the medium term. The motivation is twofold: (i) first, vaccinations, although critical in the fight, will not, on their own, put an end to the virus's circulation; (ii) second, constraints on vaccine availability and vaccine hesitancy mean that there is likely to be a significant number of unvaccinated people for an extended period. In addition to the direct demand impact of reduced mobility, structural changes will be needed to minimise the impact of the virus over the medium term. For WE, the narrative above translates into a Lower GDP growth due to the vaccine hesitancy assumed to persist in the medium term. After GDP rebound in 2021, WE Countries GDP would grow 1%, 1.2% and 0.4% less than Baseline in 2022-2024 respectively. For CE & EE the growth shock is assumed to be ca. -1% for the region in 2022 while the vaccination campaign is expected to speed up, and approx. respectively -0.8% for CE and -0.6% for EE in 2023 with the majority of the population covered by the vaccine. In 2024 the real GDP is expected to stay -0.4% below the Baseline. For Russian Ruble, it is assumed a depreciation over time, considering the typical volatility in the downturn economic cycles. With reference to inflation, faster growth in demand relative to the output expansion in second half 2021 could create a risk of a moderate inflation pressure (including higher oil prices) and allow businesses to pass higher costs onto consumers. That risk is partially mitigated by economic slowdown, so that inflation level in most of the Countries assumed approx. +0.3% compared to Baseline. With reference to Interest rate, no tensions are assumed in MM rates with a flattish 3M Euribor till 2024, considering a lower banking loan dynamic and still accommodative ECB measures.

The weak recovery in economic activity together with the QE provided by central banks slow down significantly the repricing in long-maturity yields and contribute to keeping the curve relatively flat. BTP credit spread continues to benefit from the supportive ECB stance in the short term, but it is expected to widen over time considering the increase of public debt and the tapering of ECB measures in 2023 and 2024.

The table below shows the most significant macro-economic data characterising the "Baseline" and "Downturn" scenarios, also in order to highlight the different assumptions underlying these scenarios.

INTEREST RATES AND YIELD ENVIRONMENT, EoP%		2021(*)	2022	2023	2024
Baseline Scenario 2021	Euribor 3M (bps)	(54)	(52)	(50)	(47)
	Mid Swap 10Y (bps)	15	30	45	60
	Spread BTP - Bund (bps)	90	125	125	125
	<b>Real GDP growth y/y, %</b>				
	Italy	6.1	4.2	1.9	1.2
	Germany	3.0	5.0	2.2	1.7
	Central Europe(**)	4.4	4.8	3.1	2.6
	Eastern Europe(***)	4.7	3.0	2.7	2.6
Downturn Scenario 2021	Euribor 3M (bps)	-	(54)	(54)	(54)
	Mid Swap 10Y (bps)	-	20	25	30
	Spread BTP - Bund (bps)	-	150	180	200
	<b>Real GDP growth y/y, %</b>				
	Italy	-	3.2	0.7	0.8
	Germany	-	4.0	1.0	1.3
	Central Europe(**)	-	3.8	2.3	2.2
	Eastern Europe(***)	-	2.0	2.1	2.2

**Notes:**

(\*) Data 2021 are shown only for the Baseline scenario for information purposes, data referred to the real GDP for Western Europe and the CEE are forecasts prepared during the fourth quarter of 2021.

(\*\*) Includes Austria.

(\*\*\*) Include Russia.

## Part A - Accounting policies

With reference to deferred tax assets, the measurement is significantly influenced by assumptions on future cash flows, which in turn incorporate assumptions on the evolution of the macro-economic scenario. As a result, for the measurement and with the aim to reflect the aforementioned degree of uncertainty, pursuant to requirements of ESMA public statement of 29 October 2021, both the scenarios outlined above have been considered. In particular, the future cash flows have been estimated by weighting the "Baseline" scenario and the "Downturn" scenario with a higher probability attributed to the "Baseline" scenario (respectively 60% vs. 40%).

Moreover, additional parameters bring impacts on the measurement of DTA such as the volatility of expected results and the confidence level used. In the context of measurement as at 31 December 2021, the evaluation of these items has been updated through the redetermination, if needed, of the underlying parameters.

For further information on the methodology, results and base assumptions used in deferred tax assets, refer to section "Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities) of the Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets.

The results of these evaluation might be subject to changes not foreseeable at the moment depending on the evolution of the pandemic, the effect of the relief measures adopted and, ultimately, on the degree of the economic recovery. Possible deviations of the actual economic recovery compared with the assumptions which form the basis of the evaluations might require a re-determination of the parameters used for valuation purposes, in particular with regard to the future cash flows, and the consequent change in the valuation.

### Measurement of Real estate portfolio

Always with reference to the valuation of the non-financial assets, it is worth to mention the valuation of the real estate portfolio which has become relevant following the adoption, starting from 31 December 2019, of the fair value model (assets held for investment) and the revaluation model (assets used in the business). For these assets, on 31 December 2021, the fair value has been determined through external appraisals. Further information has been reported in the paragraph "Section 9 - Property, plant and equipment - Item 90" of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

In this context it is worth to note that, in the upcoming financial years, fair value of these assets might be different from the fair value observed as at 31 December 2021 as a result of the possible evolution of real estate market which will also depend on the new practice, in terms of remote working, that could prevail once the lock-down measures will be lifted.

### Measurement of Credit Exposures

With reference to credit exposures, the slow-down of the economic activity resulting from the pandemic Covid-19 and the associated lock-down measures have also affected the estimates on their recoverability and the calculation of the associated loan loss provisions. In this regard it must be noted that the amount of loan loss provisions is determined considering the classification, current and expected, of credit exposures as non-performing, the sale prices, for those non performing exposure whose recovery is expected through sale to external counterparties, and credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with IFRS9, incorporates, among other factors, forward looking information and the expected evolution of the macro-economic scenario.

In this context, the Group has updated macro-economic scenarios as at 31 December 2021 considering, as already underlined, in addition to a Baseline scenario (as already mentioned), a negative scenario and a positive scenario by applying proper weighting factors.

- **Negative Scenario**, it reflects the assumption that Virus mutation will cause Europe and the US to face a new severe wave of the pandemic. This will force governments to reintroduce restrictions to mobility and business activity. Despite a lower vaccination rate, the US is assumed to adopt less stringent measures than the eurozone countries, similarly to the previous waves. It is also assumed that some sort of herd immunity is only reached towards the end of the forecasting horizon. Given these assumptions, the Covid-19 crisis dampens private demand by more than assumed in the Baseline scenario, and scarring effects are larger. Governments will keep expansionary policies in place to mitigate the effects of the pandemic and to preserve social stability. After expanding by 5% in 2021, Eurozone GDP would: (i) increase by 2.6% in 2022 (-1.7% compared to Baseline), (ii) followed by an expansion of only 0.4% in 2023 (-1.7%) and 0.7% in 2024 (-1.0%), then (iii) by the end of 2024, remain well below its pre-crisis trend line. Disinflationary forces materialise, as demand weakness and a widening of the difference between the potential and actual GDP (output gap) prevails over supply-side disruption. Together with lower oil prices, this puts downward pressure on inflation. Throughout the forecasting horizon, Eurozone headline inflation fluctuates around 1.5%, below the 2% ECB target over the medium term. Monetary policy responds to the deterioration in the outlook for growth and inflation and to any potential threat to the transmission mechanisms of monetary policy. Policy rates remain unchanged in the US through 2023 and in the Euro area throughout the whole forecast horizon. BTP credit spreads continue to benefit from the supportive ECB stance. In this scenario, the spread BTP-Bund is assumed to remain 35bp above the Baseline until 2023, and around 15bp in the following year.
- **Positive Scenario**: it reflects the assumption that roll-out of vaccines boosts confidence and GDP by more than in Baseline scenario. A materially stronger pace of recovery is driven by households, which significantly reduce precautionary savings, and firms which forcefully resume investment plans put on hold. Driven by pent-up demand, Eurozone GDP is back to its pre-pandemic trend line by the end of 2022.



## Part A - Accounting policies

Governments progressively scale back their support measures. In this scenario, Eurozone GDP grows by 5.8% in 2022 (+1.5% compared to Baseline); by 3.6% in 2023 (+1.5%); by 2.5% in 2024 (+0.8%).

The difference between the potential and actual GDP (output gap) closes by the end of 2022. Core inflation moves higher, mainly boosted by price increases in sectors most hit by the pandemic while supply bottlenecks last for longer. Over the forecasting horizon, Eurozone headline inflation settles at around 2%, a level in line with the ECB's definition of price stability.

Central banks retain an accommodative stance but less than in Baseline projections. The improved economic outlook benefits BTPs, whose spread remains tighter compared to the Vaseline. Particularly, the 10Y BTP-Bund spread is expected to be 25bp lower than the Baseline in 2022 and 45 bps lower in the following two years.

For details refer to table below.

INTEREST RATES AND YIELD ENVIRONMENT, EoP%(*)		2022	2023	2024
Negative Scenario 2021	Euribor 3M (bps)	(55)	(55)	(50)
	Mid Swap 10Y (bps)	15	20	40
	Spread BTP - Bund (bps)	160	160	140
	<b>Real GDP growth y/y, %</b>			
	Italy	2.3	-	-
	Germany	3.0	0.2	0.4
	Central Europe(**)	2.9	1.2	1.5
	Eastern Europe(***)	1.6	1.3	1.8
Positive Scenario 2021	Euribor 3M (bps)	(55)	(55)	(50)
	Mid Swap 10Y (bps)	45	60	65
	Spread BTP - Bund (bps)	100	80	80
	<b>Real GDP growth y/y, %</b>			
	Italy	5.6	3.3	2.1
	Germany	6.7	3.9	3.1
	Central Europe(**)	6.2	4.8	3.4
	Eastern Europe(***)	4.2	3.9	3.2

**Notes:**

(\*) For Baseline Scenario data refer to the table above.

(\*\*) Includes Austria

(\*\*\*) Include Russia.

Considering the persisting uncertainty and in continuity with the assumptions used for the preparation of Year's end 2020 financial statements, the probability of the negative scenario in December 2021 has been kept at 40% so to incorporate the risks of downturns. The probabilities used for the base scenario and the positive scenario have been kept at 55% and 5% respectively.

For additional information on the measurement of credit exposure refer to the paragraph "2.1 Credit risk" of the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

As well as for other assets, in this case 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 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 will expire.

In addition, adjustments to the loan loss provisions, might derive from the occurrence of a macro-economic scenario different from the one estimated for the calculation of the credit risk parameters or by the prevalence on the market of non-performing exposures of prices different from those used in the measurement.

Finally, the evolution of the real estate market could impact on the value of properties received as collateral and may require an adjustment to the loan loss provisions.

### Other measurements

The following additional Balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:

- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits (including defined benefit obligation);
- provisions for risks and charges.

## Part A - Accounting policies

While evaluations have been made on the basis of information deemed to be reasonable and supportable as at 31 December 2021, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

Furthermore, the following factors, in addition to those illustrated above, might influence the future results of the Group and cause outcomes materially different from those deriving from the valuations: (1) general economic and industrial conditions of the regions in which the Group operates or holds significant investments; (2) exposure to various market risks (e.g. foreign exchange risk); (3) political instability in the areas in which the Group operates or holds significant investments; (4) legislative, regulatory and tax changes, including regulatory capital and liquidity requirements, also taking into account Brexit and increased regulation in response to the financial crisis. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.

### Statement of going concern

In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made a few observations on the current situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports.

The Directors observed the emergence of Covid-19 pandemic during the financial year 2020 which continued in 2021. Such pandemic determined the introduction of containment measures, in part still ongoing, which have determined, as mentioned above, negative effects that were offset, partially, by the economic relief measures put in place by the Governments.

The Directors have considered these circumstances in the assessments of significant items recognised in the Consolidated financial statements as at 31 December 2021, and on the basis of these assessments, believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the document Consolidated financial statements as at 31 December 2021 was prepared on a going concern basis. Such statement is further reinforced by the approval on 8 December 2021 by the Board of Directors of UniCredit Unlocked strategic plan for the periods 2022-2024.

Based upon the aforementioned evaluations, the main regulatory ratios have been taken into account at 31 December 2021, in terms of: (i) the actual figures as at 31 December 2021 (CET1 Ratio Transitional equal to 15.82%; TLAC Ratio equal to 25.45%; Liquidity Coverage Ratio at 182% based on monthly average on 12 months; (ii) the related buffer versus the minimum requirements at the same reference date (CET1 Ratio Transitional: excess of 678 basis points; TLAC Ratio: excess of 590 basis points; Liquidity Coverage Ratio: excess of more than 82 percentage points); (iii) the expected evolution of the same ratios during 2022 (in particular, in 2022, it is expected to maintain a significant margin above the capital requirements, consistently with the UniCredit Unlocked strategic plan target of maintaining or exceeding a CET1 ratio of 12.5%-13%).

Consistently with such evidence the Directors intend to propose in 2022 to the Shareholders' Meeting to authorise the distribution of a remuneration, in part in cash and in part through shares buyback. Furthermore, on the basis of the Strategic plan, such distributions, consistently with the organic capital generation of each relevant year, are expected to progressively increase in 2023-2024.

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form. These criteria have not changed with respect to the previous year.

## Section 3 - Consolidation scope and methods

The consolidation criteria and principles used to prepare the Consolidated financial statements as at 31 December 2021 are described below.

### Consolidated accounts

For the preparation of the Consolidated financial statements as at 31 December 2021 the following sources have been used:

- the parent company UniCredit S.p.A. accounts as at 31 December 2021;
- the accounts as at 31 December 2021, approved by the competent bodies and functions, of the other fully consolidated subsidiaries duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated Accounts as at 31 December 2021 of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italtipetroli S.p.A.) and its direct and indirect subsidiaries.

Amounts in foreign currencies are converted at closing exchange rates in the balance sheet, whereas the average exchange rate for the year is used for the income statement.

The accounts and explanatory notes of the main fully consolidated subsidiaries prepared under IAS/IFRS are audited by leading audit companies.

### Subsidiaries

Entities, including structured entities, over which the Group has direct or indirect control, are considered subsidiaries.

## Part A - Accounting policies

Control over an entity entails:

- the existence of power over the relevant activities;
- the exposure to the variability of returns;
- the ability to use the power exercised in order to influence the returns to which the Group is exposed.

In order to verify the existence of control, the Group considers the following factors:

- the purpose and establishment of the investee, in order to identify which are the entity's objectives, the activities that determine its returns and how these activities are governed;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee, in order to assess whether the Group has relations with the investee, the returns of which are subject to changes depending on the investee's performance;
- the existence of potential (principal - agent) relationships.

If the relevant activities are governed through voting rights, the existence of control is verified considering the voting rights held, including the potential ones, and the existence of any shareholders' or other agreements which attribute the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the entity's financial and operating policies.

Subsidiaries may also include any "structured entity" in which the voting rights are not significant for establishing control, including special purpose entities and investment funds.

In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable governance of the relevant activities of the entity (or those that contribute most to the results) and the Group's exposure to the variability of returns deriving from these activities.

The carrying amount of an equity interest in a fully consolidated entity held by the Parent company or another Group company is eliminated against the recognition of the assets and liabilities of the investee as an offsetting entry to the corresponding portion of net equity of the subsidiary attributable to the Group.

Intragroup balances, the off-balance sheet transactions, the income and expenses, and the gain/losses between consolidated companies are eliminated in full, according to the method of consolidation adopted.

A subsidiary's income and expenses are included in the consolidation from the date the Parent acquires the control. On disposal of a subsidiary, its income and expenses are consolidated up to the date of the disposal, i.e. until the Parent ceases to control the subsidiary. The difference between the consideration received of the subsidiary and the carrying amount of its net assets at the same date is recognised in the Income statement under item "280 Gains (Losses) on disposal of investments" for fully consolidated companies.

The portion attributable to non-controlling interests is presented in the Balance sheet under item "190 Minorities", separately from the liabilities and net equity attributable to the Group. In the Income statement, the portion attributable to minorities is also presented separately under item "340 Minorities".

With respect to companies included in the consolidation scope for the first time, the fair value of the cost paid to obtain control of this equity interest, including ancillary expenses, is measured at the acquisition date.

The difference between the consideration received of an interest held in a subsidiary and the carrying amount of the net assets is recognised in the Net Equity, if the sale does not entail loss of control.

### Joint arrangements

A joint arrangement is a contractual agreement under the terms of which two or more counterparties arrange to jointly control an entity.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.

According to the standard IFRS11 - Joint Arrangements, such agreements must be classified as Joint Operations or Joint Ventures according to the contractual rights and obligations held by the Group.

A Joint Operation is a joint arrangement in which the parties have rights on the assets and obligations with respect to the liabilities of the arrangement.

A Joint Venture is a joint arrangement in which the parties have rights on the net assets of the arrangement.

The Group has assessed the nature of the joint arrangements and has determined that its jointly controlled equity investments are of the Joint Venture type. These equity investments are recognised using the equity method.

Carrying amount of the Joint Ventures is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e. higher of value in use (VIU) and fair value (FV) less cost to sell).

## Part A - Accounting policies

### Associates

An associate is an entity over which the investor has significant influence and which are not subsidiaries or joint ventures. Significant influence is presumed when the investor:

- holds, directly or indirectly, at least 20% of the share capital of another entity, or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of significant transactions;
  - interchange of managerial personnel;
  - provision of key technical information.

It is to be pointed out that only companies which are governed through voting rights can be classified as subject to significant influence. Investments in associates are recognised using the equity method. Carrying amount of Associates is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e. higher of VIU and FV less cost to sell).

### Equity method

Equity investments in companies measured using the equity method include the goodwill (less any impairment loss) paid to purchase them. The investor's share of the profit and loss of the investee after the date of acquisition is recognised in the Income statement under item "250 Profit (Loss) of investments". Any dividends distributed reduce the carrying amount of the equity investment.

If the investor's share of an investee's losses is equal to or greater than its carrying amount, no further losses are recognised, unless the investor has incurred specific obligations or made payments on behalf of the associate.

Gains and losses on transactions with associates or joint arrangements are eliminated according to the percentage interest in the said company.

Any changes in the revaluation reserves of associates or joint arrangements, which are recorded as a contra item to changes in value of the phenomena relevant to this purpose, are reported separately in the Statement of other comprehensive income.

The following table shows the companies included in the scope of consolidation.



## Part A - Accounting policies

## 1. Investments in Subsidiaries

				OWNERSHIP RELATIONSHIP		
COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	HELD BY	HOLDING %	VOTING RIGHTS % <sup>(2)</sup>
A. LINE BY LINE METHOD						
1 UNICREDIT SPA Issued capital EUR 21,133,469,082.48	MILAN	MILAN		PARENT COMPANY		
2 ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. OBERBAUM CITY KG Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	HVB IMMOBILIEN AG	100.00	98.11
3 ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	98.11
4 ALLEGRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
5 ALLIB LEASING S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
6 ALMS LEASING GMBH. Issued capital EUR 36,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
7 ALPHA RENT DOO BEOGRAD Issued capital RSD 3,285,948,900	BELGRADE	BELGRADE	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
8 ALTUS ALPHA PLC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
9 ALV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
10 ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
11 ANTHEMIS EVO LLP	LONDON	LONDON	4	UNICREDIT SPA	..	(3)
12 AO UNICREDIT BANK Issued capital RUB 41,787,805,174	MOSCOW	MOSCOW	1	UNICREDIT SPA	100.00	
13 ARABELLA FINANCE DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
14 ARENA NPL ONE S.R.L. (CARTOLARIZZAZIONE 2014)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
15 ARGENTAUROS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
16 ARNO GRUNDSTUECKSVORWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
17 AUSTRIA LEASING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	0.40	
				GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.40	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
18 BA CA SECUND LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
19 BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
20 BA GEBAEUDEVORMIETUNGSGMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BA GVG-HOLDING GMBH	89.00	
				BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
				PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	
21 BA GVG-HOLDING GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
22 BA-CA ANDANTE LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
23 BA-CA LEASING DREI GARAGEN GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
24 BA-CA LEASING MAR IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
25 BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H. Issued capital EUR 127,177	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
26 BA-CA PRESTO LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
27 BA/CA-LEASING BETEILIGUNGEN GMBH Issued capital EUR 454,000	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
28 BACA CENA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
29 BACA HYDRA LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
30 BACA KOMMUNALLEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
31 BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH Issued capital EUR 18,287	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	98.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
32 BAH-OMEGA ZRT.'V.A.'	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
Issued capital HUF 70,000,000						
33 BAHBETA INGATLANHASZNOSITO KFT.	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
Issued capital HUF 30,000,000						
34 BAL CARINA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
35 BAL HESTIA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
36 BAL HORUS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
37 BAL HYPNOS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
38 BAL LETO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
39 BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
40 BAL SOBEK IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	99.80	
41 BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
42 BANK AUSTRIA FINANZSERVICE GMBH Issued capital EUR 490,542	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
43 BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				WOEM GRUNDSTUECKSVORWALTUNGSGESELLSCHAFT M.B.H.	99.80	
44 BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH Issued capital EUR 36,337	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
45 BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
46 BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
47 BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH Issued capital EUR 145,500	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
48 BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH Issued capital EUR 5,000,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
49 BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH Issued capital EUR 10,900,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
50 BANK AUSTRIA WOHNBAUBANK AG Issued capital EUR 18,765,944	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
51 BARD ENGINEERING GMBH	EMDEN	EMDEN	4	BARD HOLDING GMBH	..	(3)
52 BARD HOLDING GMBH	EMDEN	EMDEN	4	UNICREDIT BANK AG	..	(3)
53 BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OEG Issued capital EUR 0	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	1.00	
				CALG IMMOBILIEN LEASING GMBH	99.00	
54 BAYERISCHE WOHNUNGSGESELLSCHAFT FUER HANDEL UND INDUSTRIE, GESELLSCHAFT MIT BESCHRAENKTER HAFTUNG Issued capital EUR 51,150	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
55 BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
56 BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
57 BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
58 BORGO DI PEROLLA SRL Issued capital EUR 2,043,952	MASSA MARITTIMA	MASSA MARITTIMA	1	FONDIARIA LASA SPA	100.00	
59 BREWO GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT PEGASUS LEASING GMBH	100.00	
60 CA-LEASING OVUS S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
61 CA-LEASING SENIOREN PARK GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
62 CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
63 CABET-HOLDING GMBH Issued capital EUR 290,909	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
64 CABO BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 35,000	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
65 CALG 307 MOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
66 CALG 443 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
				CALG IMMOBILIEN LEASING GMBH	1.00	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
67 CALG 445 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.60	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.40	
68 CALG 451 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
69 CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
70 CALG ANLAGEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
71 CALG ANLAGEN LEASING GMBH & CO GRUNDSTUECKVERMIETUNG UND - VERWALTUNG KG Issued capital EUR 2,326,378	MUNICH	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90	
72 CALG DELTA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
73 CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,337	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
74 CALG GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
75 CALG IMMOBILIEN LEASING GMBH Issued capital EUR 254,355	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
76 CALG MINAL GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
77 CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	4	UNICREDIT SPA	..	<sup>(3)</sup>
78 CARD COMPLETE SERVICE BANK AG Issued capital EUR 6,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10	
79 CASTELLANI LEASING GMBH Issued capital EUR 1,800,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
80 CHARADE LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
81 CHEFREN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
82 CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
83 COMMUNA - LEASING GRUNDSTUECKSVERTWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	REAL-LEASE GRUNDSTUECKSVERTWALTUNGS- GESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
84 COMPAGNIA FONDIARIA ROMANA - SOCIETA' A RESPONSABILITA' LIMITATA Issued capital EUR 103,400	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
85 CONSUMER THREE SRL (CARTOLARIZZAZIONE: CONSUMER THREE)	VERONA	VERONA	4	UNICREDIT SPA	..	<sup>(3)</sup>
86 CONTRA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
				JAUSERN-LEASING GESELLSCHAFT M.B.H.	25.00	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
87 CORDUSIO RMBS - UCFIN SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS UCFIN - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	<sup>(3)</sup>
88 CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS SECURITISATION - SERIE 2007)	VERONA	VERONA	4	UNICREDIT SPA	..	<sup>(3)</sup>
89 CORDUSIO SIM SPA Issued capital EUR 76,282,051	MILAN	MILAN	1	UNICREDIT SPA	100.00	
90 CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI Issued capital EUR 520,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
91 CRIVELLI SRL Issued capital EUR 10,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
92 DC BANK AG Issued capital EUR 5,000,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	



## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
93 DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 17,500	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
94 DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	90.00	
95 DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
96 EBS FINANCE S.R.L.	MILAN	MILAN	4	UNICREDIT SPA	..	(3)
97 ELEKTRA PURCHASE NO. 28 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
98 ELEKTRA PURCHASE NO. 31 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
99 ELEKTRA PURCHASE NO. 32 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
100 ELEKTRA PURCHASE NO. 33 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
101 ELEKTRA PURCHASE NO. 36 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
102 ELEKTRA PURCHASE NO. 37 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
103 ELEKTRA PURCHASE NO. 38 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
104 ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
105 ELEKTRA PURCHASE NO. 46 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
106 ELEKTRA PURCHASE NO. 54 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
107 ELEKTRA PURCHASE NO. 56 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
108 ELEKTRA PURCHASE NO. 57 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
109 ELEKTRA PURCHASE NO. 64 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
110 ELEKTRA PURCHASE NO. 69 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
111 ELEKTRA PURCHASE NO. 71 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
112 ELEKTRA PURCHASE NO. 74 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
113 ELEKTRA PURCHASE NO. 911 LTD	ST. HELIER	ST. HELIER	4	UNICREDIT BANK AG	..	(3)
114 EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
115 EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
116 EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
117 EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
118 EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
119 EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.) Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
120 EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
121 EUROPEAN-OFFICE-FONDS	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
122 EXPANDA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
123 F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES 2005)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
124 F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES SERIES 1 - 2003)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
125 FACTORBANK AKTIENGESELLSCHAFT Issued capital EUR 3,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
126 FINN ARSENAL LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.60	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	0.20	
127 FMZ SAVARIA SZOLGALTATO KORLATOLT FELELOESSEG TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	BAHBETA INGATLANHASZNOSITO KFT.	75.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
128 FMZ SIGMA PROJEKTENTWICKLUNGS GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
129 FOLIA LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
130 FONDARIA LASA SPA Issued capital EUR 3,102,000	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
131 FUGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
132 GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. Issued capital EUR 27,434	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
133 GEBAEUDELEASING GRUNDSTUECKVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	98.80 0.20 1.00	
134 GELDILUX-TS-2015 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	<sup>(3)</sup>
135 GEMEINDELEASING GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. Issued capital EUR 18,333	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH CALG IMMOBILIEN LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	37.30 37.50 0.20 25.00	
136 GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	PULLACH	PULLACH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	98.69	
137 GRUNDSTUECKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAFT Issued capital EUR 51,500	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
138 GRUNDSTUECKSVRWALTUNG LINZ-MITTE GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
139 H.F.S. IMMOBILIENFONDS GMBH Issued capital EUR 25,565	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
140 H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING) Issued capital EUR 97,755,806	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
141 H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG Issued capital EUR 85,430,630	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	99.41	
142 H.F.S. LEASINGFONDS GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
143 H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 10 KG	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	<sup>(3)</sup>
144 H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 11 KG	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	<sup>(3)</sup>
145 H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 12 KG	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	<sup>(3)</sup>
146 H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 8 KG	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	<sup>(3)</sup>
147 H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 9 KG	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	<sup>(3)</sup>
148 HAWA GRUNDSTUECKSGMBH & CO OHG IMMOBILIENVERWALTUNG Issued capital EUR 54,300	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG TIVOLI GRUNDSTUECKS-AKTIENGESELLSCHAFT	99.50 0.50	
149 HAWA GRUNDSTUECKSGMBH & CO. OHG HOTELVERWALTUNG Issued capital EUR 276,200	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG TIVOLI GRUNDSTUECKS-AKTIENGESELLSCHAFT	99.50 0.50	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
150 HERKU LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
151 HONEU LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
152 HVB CAPITAL LLC  Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
153 HVB CAPITAL LLC II  Issued capital USD 13	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
154 HVB CAPITAL LLC III  Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
155 HVB FUNDING TRUST	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
156 HVB FUNDING TRUST II  Issued capital USD 2,420	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
157 HVB FUNDING TRUST III	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
158 HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG  Issued capital EUR 10,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
159 HVB IMMOBILIEN AG  Issued capital EUR 520,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
160 HVB LEASING CZECH REPUBLIC S.R.O.  Issued capital CZK 49,632,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
161 HVB PROJEKT GMBH  Issued capital EUR 24,543,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG UNICREDIT BANK AG	94.00 6.00	
162 HVB TECTA GMBH  Issued capital EUR 1,534,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG UNICREDIT BANK AG	94.00 6.00	
163 HVB VERWA 4 GMBH  Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
164 HVB VERWA 4.4 GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
165 HVZ GMBH & CO. OBJEKT KG  Issued capital EUR 148,090,766	MUNICH	MUNICH	1	PORTIA GRUNDSTUECKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
166 HYPO-BANK VERWALTUNGSZENTRUM GMBH & CO. KG OBJEKT ARABELLASTRASSE  Issued capital EUR 25,600	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
167 ICE CREEK POOL NO. 5 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
168 ICE CREEK POOL NO.1 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
169 ICE CREEK POOL NO.2 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
170 ICE CREEK POOL NO.3 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
171 IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	ROME	ROME	4	UNICREDIT SPA	..	(3)
172 IMMOBILIENLEASING GRUNDSTUECKSVERTWALTUNGSGESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERTWALTUNGSGESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
173 IMPRESA TWO SRL (CARTOLARIZZAZIONE: IMPRESA TWO)	CONEGLIANO	CONEGLIANO	4	UNICREDIT SPA	..	(3)
174 INTRO LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,336	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERTWALTUNGSGESELLSCHAFT M.B.H.	100.00	
175 ISB UNIVERSALE BAU GMBH  Issued capital EUR 6,288,890	BERLIN	BERLIN	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
176 JAUSERN-LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
177 KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG  Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	0.00
178 KUTRA GRUNDSTUECKSVERTWALTUNGSGESELLSCHAFT M.B.H.  Issued capital EUR 36,337	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
179 LAGERMAX LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
180 LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
181 LARGO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	0.20 1.00 98.80	
182 LEASFINANZ ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	LEASFINANZ GMBH	100.00	
183 LEASFINANZ BANK GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
184 LEASFINANZ GMBH Issued capital EUR 218,019	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
185 LEGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
186 LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
187 LINO HOTEL-LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
188 LIPARK LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
189 LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
190 LOCAT CROATIA DOO Issued capital HRK 39,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
191 M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO. OG. Issued capital EUR 3,707	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LUNA LEASING GMBH	1.96 98.04	
192 MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
193 MENUETT GRUNDSTUECKSVERTWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
194 MERKURHOF GRUNDSTUECKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 5,112,919	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
195 MM OMEGA PROJEKTENTWICKLUNGS GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
196 MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	<sup>(3)</sup>
197 MOEGRA LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
198 MOMENTUM ALLWEATHER STRATEGIES - LONG TERM STRATEG	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	<sup>(3)</sup>
199 MOMENTUM LONG TERM VALUE FUND	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	<sup>(3)</sup>



## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
200 NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
201 NF OBJEKT FFM GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
202 NF OBJEKTE BERLIN GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
203 NOE HYPO LEASING ASTRICTA GRUNDSTUECKVERMIETUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
204 NUOVA COMPAGNIA DI PARTECIPAZIONI SPA Issued capital EUR 200,000	ROME	ROME	1	UNICREDIT SPA	100.00	
205 OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
206 OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
207 OMNIA GRUNDSTUECKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG UNICREDIT BANK AG	94.00 6.00	
208 OMNIA GRUNDSTUECKS-GMBH & CO. OBJEKT PERLACH KG Issued capital EUR 5,125,701	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH WEALTHCAP LEASING GMBH	94.78 5.22	93.87 5.14
209 OOO UNICREDIT GARANT Issued capital RUB 106,998,000	MOSCOW	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
210 OOO UNICREDIT LEASING Issued capital RUB 149,160,248	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	100.00	
211 ORBIT PERFORMANCE STRATEGIES - ORBIT US CLASSE I U	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	(3)
212 ORESTOS IMMOBILIEN-VERWALTUNGS GMBH Issued capital EUR 10,149,150	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
213 OT-OPTIMA TELEKOM DD Issued capital HRK 694,432,640	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	36.90	44.70
214 OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG Issued capital EUR 51,129	MUNICH	MUNICH	1	HVB PROJEKT GMBH T & P FRANKFURT DEVELOPMENT B.V. T & P VASTGOED STUTTGART B.V.	10.00 30.00 60.00	
215 PAI (BERMUDA) LIMITED Issued capital USD 12,000	HAMILTON	HAMILTON	1	UNICREDIT SPA	100.00	
216 PAI MANAGEMENT LTD Issued capital EUR 1,032,000	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
217 PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG Issued capital EUR 2,180,185	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
218 PAYTRIA UNTERNEHMENS BETEILIGUNGEN GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
219 PELOPS LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
220 PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
221 PIANA LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
222 PIRTA VERWALTUNGS GMBH Issued capital EUR 2,067,138	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
223 POLLUX IMMOBILIEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENS BETEILIGUNGEN GMBH UNICREDIT BANK AUSTRIA AG	0.20 99.80	
224 PORTIA GRUNDSTUECKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG Issued capital EUR 500,013,550	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	

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COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
225 POSATO LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
226 PRELUDE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	98.80 0.20 1.00	
227 PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
228 QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
229 QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
230 QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
231 RANA-LIEGENSCHAFTSVERTWERTUNG GMBH Issued capital EUR 72,700	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
232 REAL INVEST EUROPE DER BANK AUSTRIA REAL INVEST IMMOBILIEN- KAPI	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	<sup>(3)</sup>
233 REAL-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
234 REAL-RENT LEASING GESELLSCHAFT M.B.H. Issued capital EUR 73,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
235 REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 726,728	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
236 ROLIN GRUNDSTUCKSPLANUNGS- UND - VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 30,677	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
237 ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	<sup>(3)</sup>
238 ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	<sup>(3)</sup>
239 ROSENKAVALIER 2020 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	<sup>(3)</sup>
240 SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND Issued capital EUR 1,533,900	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
241 SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM Issued capital EUR 2,300,850	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	97.78 2.22	
242 SANITA' - S.R.L. IN LIQUIDAZIONE Issued capital EUR 5,164,333	ROME	ROME	1	UNICREDIT SPA	99.60	
243 SCHOELLERBANK AKTIENGESELLSCHAFT Issued capital EUR 20,000,000	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENS BETEILIGUNGEN GMBH UNICREDIT BANK AUSTRIA AG	0.01 99.99	
244 SCHOELLERBANK INVEST AG Issued capital EUR 2,543,549	SALZBURG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
245 SECA-LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
246 SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
247 SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
248 SIGMA LEASING GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	99.40 0.20 0.40	
249 SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH Issued capital EUR 30,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	5.00 95.00	
250 SOCIETA' DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ. Issued capital EUR 36,151,500	PALERMO	PALERMO	1	UNICREDIT SPA	80.00	
251 SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE (IN LIQUIDAZIONE) Issued capital EUR 40,000	PARIS	PARIS	1	UNICREDIT SPA	100.00	
252 SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG Issued capital EUR 12,537,500	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
253 SONATA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	1.00 0.20 98.80	
254 SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
255 STEWE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	24.00 0.20 75.80	
256 STRUCTURED INVEST SOCIETE ANONYME Issued capital EUR 125,500	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
257 SUCCESS 2015 B.V.	AMSTERDAM	AMSTERDAM	4	UNICREDIT LEASING (AUSTRIA) GMBH	..	(3)
258 T & P FRANKFURT DEVELOPMENT B.V. Issued capital EUR 4,938,271	AMSTERDAM	MUNICH	1	HVB PROJEKT GMBH	100.00	
259 T & P VASTGOED STUTTGART B.V. Issued capital EUR 10,769,773	AMSTERDAM	MUNICH	1	HVB PROJEKT GMBH	87.50	
260 TERRENO GRUNDSTUECKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG Issued capital EUR 920,400	MUNICH	MUNICH	1	HVB TECTA GMBH	75.00	
261 TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
262 TIVOLI GRUNDSTUECKS-AKTIENGESELLSCHAFT Issued capital EUR 6,240,000	MUNICH	MUNICH	1	PORTIA GRUNDSTUECKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
263 TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
264 TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG Issued capital EUR 6,979,476	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
265 TRICASA GRUNDBESITZGESELLSCHAFT DES BÜRGERLICHEN RECHTS NR. 1 Issued capital EUR 13,687,272	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
266 UCLA AM WINTERHAFEN 11 IMMOBILIENLEASING GMBH & CO OG Issued capital EUR 0	VIENNA	VIENNA	1	UNICREDIT PEGASUS LEASING GMBH UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	50.00 50.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
267 UCL IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG Issued capital EUR 10,000	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. BA-CA ANDANTE LEASING GMBH	90.00 10.00	
268 UCTAM BALTICS SIA Issued capital EUR 4,265,585	RIGA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
269 UCTAM BH D.O.O. Issued capital BAM 2,000	MOSTAR	MOSTAR	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
270 UCTAM BULGARIA EOOD Issued capital BGN 20,000	SOFIA	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
271 UCTAM CZECH REPUBLIC SRO Issued capital CZK 45,500,000	PRAGUE	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
272 UCTAM D.O.O. BEOGRAD Issued capital RSD 631,564,325	BELGRADE	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
273 UCTAM RU LIMITED LIABILITY COMPANY Issued capital RUB 4,000,000	MOSCOW	MOSCOW	1	UCTAM BALTICS SIA UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	.. 100.00	
274 UCTAM SVK S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UCTAM BALTICS SIA UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	15.00 85.00	0.01 99.99
275 UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. UNICREDIT LEASING (AUSTRIA) GMBH	5.00 95.00	
276 UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
277 UNICREDIT AURORA LEASING GMBH Issued capital EUR 219,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
278 UNICREDIT BANK A.D. BANJA LUKA Issued capital BAM 97,055,000	BANJA LUKA	BANJA LUKA	1	UNICREDIT SPA	99.44	
279 UNICREDIT BANK AG Issued capital EUR 2,407,151,016	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
280 UNICREDIT BANK AUSTRIA AG Issued capital EUR 1,681,033,521	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
281 UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 8,754,617,898	PRAGUE	PRAGUE	1	UNICREDIT SPA	100.00	
282 UNICREDIT BANK D.D. Issued capital BAM 119,195,000	MOSTAR	MOSTAR	1	ZAGREBACKA BANKA D.D.	99.35	99.31
283 UNICREDIT BANK HUNGARY ZRT. Issued capital HUF 24,118,220,000	BUDAPEST	BUDAPEST	1	UNICREDIT SPA	100.00	
284 UNICREDIT BANK S.A. Issued capital RON 1,177,748,253	BUCHAREST	BUCHAREST	1	UNICREDIT SPA	98.63	
285 UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	1	UNICREDIT SPA	100.00	
286 UNICREDIT BANKA SLOVENIJA D.D. Issued capital EUR 20,383,698	LJUBLJANA	LJUBLJANA	1	UNICREDIT SPA	100.00	
287 UNICREDIT BETEILIGUNGS GMBH Issued capital EUR 1,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
288 UNICREDIT BPC MORTGAGE SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	<sup>(3)</sup>
289 UNICREDIT BPC MORTGAGE S.R.L. Issued capital EUR 12,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
290 UNICREDIT BROKER S.R.O. Issued capital EUR 8,266	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
291 UNICREDIT BULBANK AD Issued capital BGN 285,776,674	SOFIA	SOFIA	1	UNICREDIT SPA	99.45	
292 UNICREDIT CAPITAL MARKETS LLC Issued capital USD 100,100	NEW YORK	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
293 UNICREDIT CENTER AM KAISERWASSER GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
294 UNICREDIT CONSUMER FINANCING EAD Issued capital BGN 2,800,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
295 UNICREDIT CONSUMER FINANCING IFN S.A. Issued capital RON 103,269,200	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A. UNICREDIT SPA	50.10 49.90	



## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
296 UNICREDIT DIRECT SERVICES GMBH Issued capital EUR 767,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
297 UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 222,600,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
298 UNICREDIT FACTORING EAD Issued capital BGN 1,000,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
299 UNICREDIT FACTORING SPA Issued capital EUR 414,348,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
300 UNICREDIT FLEET MANAGEMENT EOOD Issued capital BGN 100,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
301 UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital CZK 5,000,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
302 UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital EUR 6,639	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
303 UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH Issued capital EUR 57,000	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
304 UNICREDIT GUSTRA LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT PEGASUS LEASING GMBH	90.00	
305 UNICREDIT HAMRED LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT PEGASUS LEASING GMBH	90.00	
306 UNICREDIT INSURANCE BROKER EOOD Issued capital BGN 5,000	SOFIA	SOFIA	1	UNICREDIT LEASING EAD	100.00	
307 UNICREDIT INSURANCE BROKER SRL Issued capital RON 150,000	BUCHAREST	BUCHAREST	1	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
308 UNICREDIT INSURANCE MANAGEMENT CEE GMBH Issued capital EUR 156,905	VIENNA	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
309 UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA Issued capital EUR 13,406,600	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT SPA	100.00	
310 UNICREDIT JELZALOGBANK ZRT. Issued capital HUF 3,000,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
311 UNICREDIT KFZ LEASING GMBH Issued capital EUR 648,000	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
312 UNICREDIT LEASED ASSET MANAGEMENT SPA Issued capital EUR 1,000,000	MILAN	MILAN	1	UNICREDIT LEASING SPA	100.00	
313 UNICREDIT LEASING (AUSTRIA) GMBH Issued capital EUR 17,296,134	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
				PAYTRIA UNTERNEHMENS BETEILIGUNGEN GMBH	0.02	
				UNICREDIT BANK AUSTRIA AG	89.98	
314 UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
315 UNICREDIT LEASING AVIATION GMBH Issued capital EUR 1,600,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
316 UNICREDIT LEASING CORPORATION IFN S.A. Issued capital RON 90,989,013	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	99.96	
				UNICREDIT CONSUMER FINANCING IFN S.A.	0.04	
317 UNICREDIT LEASING CROATIA D.O.O. ZA LEASING Issued capital HRK 28,741,800	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
318 UNICREDIT LEASING CZ, A.S. Issued capital CZK 981,452,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
319 UNICREDIT LEASING EAD Issued capital BGN 2,605,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
320 UNICREDIT LEASING FINANCE GMBH Issued capital EUR 17,580,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
321 UNICREDIT LEASING FLEET MANAGEMENT S.R.L. Issued capital RON 680,000	BUCHAREST	BUCHAREST	1	PIRTA VERWALTUNGS GMBH	90.02	
				UNICREDIT LEASING CORPORATION IFN S.A.	9.98	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
322 UNICREDIT LEASING GMBH Issued capital EUR 15,000,000	HAMBURG	HAMBURG	1	UNICREDIT BANK AG	100.00	
323 UNICREDIT LEASING HUNGARY ZRT Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
324 UNICREDIT LEASING INSURANCE SERVICES S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
325 UNICREDIT LEASING SLOVAKIA A.S. Issued capital EUR 26,560,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING CZ, A.S.	100.00	
326 UNICREDIT LEASING SPA Issued capital EUR 1,106,877,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
327 UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD Issued capital RSD 1,078,133,000	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
328 UNICREDIT LEASING TECHNIKUM GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	LEASFINANZ GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
329 UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
330 UNICREDIT LEASING, LEASING, D.O.O. Issued capital EUR 25,039,658	LJUBLJANA	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	100.00	
331 UNICREDIT LUNA LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
332 UNICREDIT MOBILIEN UND KFZ LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
333 UNICREDIT OBG S.R.L. Issued capital EUR 10,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
334 UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
335 UNICREDIT OK1 LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
336 UNICREDIT PEGASUS LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
337 UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O. Issued capital CZK 510,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
338 UNICREDIT POLARIS LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
339 UNICREDIT SERVICES GMBH Issued capital EUR 1,200,000	VIENNA	VIENNA	1	UNICREDIT SERVICES S.C.P.A.	100.00	
340 UNICREDIT SERVICES S.C.P.A. Issued capital EUR 194,159,415	MILAN	MILAN	1	CORDUSIO SIM SPA	..	
				CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	..	
				UNICREDIT BANK AG	..	
				UNICREDIT FACTORING SPA	..	
341 UNICREDIT STERNECK LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT PEGASUS LEASING GMBH	90.00	
342 UNICREDIT SUBITO CASA SPA Issued capital EUR 500,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
343 UNICREDIT TECHRENT LEASING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
344 UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH Issued capital EUR 750,000	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
345 UNICREDIT U.S. FINANCE LLC Issued capital USD 130	WILMINGTON	NEW YORK	1	UNICREDIT BANK AG	100.00	
346 UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

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COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
347 UNIVERSALE INTERNATIONAL REALITAETEN GMBH Issued capital EUR 32,715,000	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H. UNICREDIT BANK AUSTRIA AG	.. 100.00	
348 V.M.G. VERMIETUNGSGESELLSCHAFT MBH Issued capital EUR 25,565	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
349 VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
350 VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG Issued capital EUR 48,728,161	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	89.28	89.23
351 VISCONTI SRL Issued capital EUR 11,000,000	MILAN	MILAN	1	UNICREDIT SPA	76.00	
352 WEALTH MANAGEMENT CAPITAL HOLDING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
353 WEALTHCAP ENTITY SERVICE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
354 WEALTHCAP EQUITY GMBH Issued capital EUR 500,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
355 WEALTHCAP EQUITY MANAGEMENT GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	
356 WEALTHCAP FONDS GMBH Issued capital EUR 512,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
357 WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG Issued capital EUR 5,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH WEALTHCAP VORRATS-2 GMBH	100.00 ..	50.00 50.00
358 WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG Issued capital EUR 10,600	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH WEALTHCAP VORRATS-2 GMBH	94.34 5.66	50.00 50.00
359 WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
360 WEALTHCAP IMMOBILIENANKAUF KOMPLEMENTAER GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
361 WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 36 KOMPLEMENTAR GMBH Issued capital EUR 25,565	MUNICH	MUNICH	1	H.F.S. LEASINGFONDS GMBH	100.00	
362 WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 38 KOMPLEMENTAR GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
363 WEALTHCAP INITIATOREN GMBH Issued capital EUR 1,533,876	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
364 WEALTHCAP INVESTMENT SERVICES GMBH Issued capital EUR 4,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG WEALTH MANAGEMENT CAPITAL HOLDING GMBH	10.00 90.00	
365 WEALTHCAP INVESTMENTS INC. Issued capital USD 312,000	WILMINGTON	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
366 WEALTHCAP INVESTORENBETREUUNG GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
367 WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 125,000	GRUENWALD	GRUENWALD	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
368 WEALTHCAP LEASING GMBH Issued capital EUR 25,000	GRUENWALD	GRUENWALD	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
369 WEALTHCAP MANAGEMENT SERVICES GMBH Issued capital EUR 50,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
370 WEALTHCAP OBJEKT BERLIN III GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	10.10 89.90	33.33 33.33
371 WEALTHCAP OBJEKT DRESDEN GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	10.10 89.90	33.33 33.33

# Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
372 WEALTHCAP OBJEKT STUTTGART III GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	33.33
				WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER GMBH	..	33.33
				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	89.90	33.33
373 WEALTHCAP OBJEKT-VORRAT 39 GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	10.10	33.33
				WEALTHCAP IMMOBILIENANKAUF KOMPLEMENTAER GMBH	..	33.33
				WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	89.90	33.33
374 WEALTHCAP PEIA KOMPLEMENTAR GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
375 WEALTHCAP PEIA MANAGEMENT GMBH Issued capital EUR 1,023,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	6.00	
				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
376 WEALTHCAP REAL ESTATE MANAGEMENT GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
377 WEALTHCAP SPEZIAL WOHNEN 1 KOMPLEMENTAR GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
378 WEALTHCAP SPEZIAL- AIF-SV BUERO 8	GRUENWALD	GRUENWALD	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	<sup>(3)</sup>
379 WEALTHCAP VORRATS-2 GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
380 WEALTHCAP WOHNEN 1B GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	33.33
				WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	89.90	33.33
				WEALTHCAP SPEZIAL WOHNEN 1 KOMPLEMENTAR GMBH	..	33.33
381 WEICKER S. A R.L. Issued capital EUR 20,658,840	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
382 WOEM GRUNDSTUECKSVORWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
383 Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
384 Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
385 Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
386 Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
387 Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
388 Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
389 Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
390 Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
391 Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GEBAEUDELEASING GRUNDSTUECKSVORWALTUNGSGESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	



## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
392 Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
393 Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
394 Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
395 Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
396 Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
397 Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
398 Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
399 Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
400 Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
401 Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	10.00 90.00	
402 Z LEASING SCORPIUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
403 Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 73,000	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
404 Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
405 Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT PEGASUS LEASING GMBH	0.20 99.80	
406 ZAGREBACKA BANKA D.D. Issued capital HRK 6,404,839,100	ZAGREB	ZAGREB	1	UNICREDIT SPA	84.48	
407 ZAPADNI TRGOVACKI CENTAR D.O.O. Issued capital HRK 20,000	RIJEKA	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	

## Notes to the table showing the investments in subsidiaries:

(1) Type of relationship:

1= majority of voting rights at ordinary shareholders' meeting;

2= dominant influence at ordinary shareholders' meeting;

3= agreements with other shareholders;

4= other types of control;

5= centralised management pursuant to paragraph 1 of Art.39 of "Legislative decree 136/2015";

6= centralised management pursuant to paragraph 2 of Art.39 of "Legislative decree 136/2015";

(2) Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership.

(3) Companies consolidated line by line under IFRS10 as a result of the simultaneous availability of power to govern the relevant activities and exposures to variability of related returns.

## Part A - Accounting policies

### Changes in the scope of consolidation

Companies consolidated line by line, including the Parent company and those ones classified as non-current assets and asset disposal groups, decreased by 59 entities compared with 31 December 2020 (8 inclusions and 67 exclusions as a result of disposals, changes of the consolidation method and mergers), from 466 as at 31 December 2020 to 407 as at 31 December 2021.

### Wholly-owned subsidiaries

The following table shows the changes in equity investments in wholly-owned subsidiaries.

#### Equity investments in wholly-owned subsidiaries (consolidated line by line): annual changes

	NUMBER OF COMPANIES
<b>A. Opening balance (from previous year)</b>	<b>466</b>
<b>B. Increased by</b>	<b>8</b>
B.1 Newly established companies	2
B.2 Change of the consolidation method	5
B.3 Entities consolidated for the first time in the year	1
<b>C. Reduced by</b>	<b>67</b>
C.1 Disposal/Liquidation	16
C.2 Change of the consolidation method	44
C.3 Absorption by other Group entities	7
<b>D. Closing balance</b>	<b>407</b>

The tables below analyse the other increases and decreases occurred during the year by company.

### Increases

#### Newly established companies

COMPANY NAME	MAIN OFFICE
EBS FINANCE S.R.L.	MILAN

COMPANY NAME	MAIN OFFICE
ICE CREEK POOL NO.3 DAC	DUBLIN

#### Change of the consolidation method

COMPANY NAME	MAIN OFFICE
WEALTHCAP WOHNEN 1B GMBH & CO. KG	MUNICH
OT-OPTIMA TELEKOM DD	ZAGREB
WEALTHCAP OBJEKT BERLIN III GMBH & CO. KG	MUNICH

COMPANY NAME	MAIN OFFICE
WEALTHCAP SPEZIAL WOHNEN 1 KOMPLEMENTAR GMBH	MUNICH
WEALTHCAP OBJEKT-VORRAT 39 GMBH & CO. KG	MUNICH

#### Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
UCLA AM WINTERHAFEN 11 IMMOBILIENLEASING GMBH & CO OG	VIENNA

### Reductions

The above table refers to disposals and liquidations of inactive companies.

#### Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
SIA UNICREDIT LEASING	RIGA
LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2016)	CONEGLIANO
IMMOBILIEN RATING GMBH IN LIQU.	VIENNA
ELEKTRA PURCHASE NO. 718 DAC	DUBLIN
ELEKTRA PURCHASE NO. 44 DAC	DUBLIN
HELICONUS SRL (CARTOLARIZZAZIONE: HELICONUS)	VERONA
UCTAM HUNGARY KFT	BUDAPEST
DEBO LEASING SRL	BUCHAREST

COMPANY NAME	MAIN OFFICE
SIA UNICREDIT INSURANCE BROKER	RIGA
ELEKTRA PURCHASE NO. 41 DAC	DUBLIN
LARGE CORPORATE ONE SRL (CARTOLARIZZAZIONE: LARGE CORPORATE ONE)	VERONA
ELEKTRA PURCHASE NO. 55 DAC	DUBLIN
UCTAM RO S.R.L.	BUCHAREST
UCTAM RETAIL HUNGARY KFT.	BUDAPEST
UCTAM UPRAVLJANJE D.O.O.	LJUBLJANA
CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: BIPCA CORDUSIO RMBS)	VERONA

## Part A - Accounting policies

## Change of the consolidation method

COMPANY NAME	MAIN OFFICE
A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG	MUNICH
REAL INVEST IMMOBILIEN GMBH IN LIQU.	VIENNA
BAH-KAPPA KFT. V.A.	BUDAPEST
BA-CA FINANCE (CAYMAN) II LIMITED	GEORGE TOWN
ALPINE CAYMAN ISLANDS LTD.	GEORGE TOWN
HVB HONG KONG LIMITED	HONG KONG
BUITENGAATS HOLDING B.V.	EEMSHAVEN
UNICREDIT PARTNER D.O.O. BEOGRAD	BELGRADE
HVB SECUR GMBH	MUNICH
INTERRA GESELLSCHAFT FÜR IMMOBILIENVERWALTUNG MBH	MUNICH
TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA
OTHMARSCHEN PARK HAMBURG GMBH & CO. CENTERPARK KG	MUNICH
SELFOSS BETEILIGUNGSGESELLSCHAFT MBH	GRUENWALD
SIMON VERWALTUNGS-AKTIENGESSELLSCHAFT I.L.	MUNICH
SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH	MUNICH
VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH	MUNICH
UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH IN LIQUIDATION	VIENNA
WEALTHCAP OBJEKT ESSEN II GMBH & CO. KG	MUNICH
BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA	ZAGREB
ZB INVEST D.O.O. ZA UPRAVLJANJE INVESTICIJSKIM FONDOVIMA	ZAGREB
ALLIB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGREB
DINERS CLUB POLSKA SP.Z.O.O.	WARSAW

COMPANY NAME	MAIN OFFICE
ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. PARKKOLONNADEN KG	GRUENWALD
WEALTHCAP OBJEKT MAINZ GMBH & CO. KG	MUNICH
HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH	VIENNA
BA-CA FINANCE (CAYMAN) LIMITED	GEORGE TOWN
UNICREDIT BIZTOSITASKOEZVETITO KFT	BUDAPEST
BA ALPINE HOLDINGS, INC.	WILMINGTON
UNICREDIT GLOBAL LEASING EXPORT GMBH	VIENNA
BA-CA WIEN MITTE HOLDING GMBH	VIENNA
AMBASSADOR PARC DEDINJE D.O.O. BEOGRAD	BELGRADE
UNICREDIT OPERATIV LIZING KFT	BUDAPEST
ATLANTERRA IMMOBILIENVERWALTUNGS GMBH	MUNICH
BIL LEASING-FONDS GMBH & CO VELUM KG	GRUENWALD
DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH	VIENNA
DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG	MUNICH
DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG	MUNICH
FOOD & MORE GMBH	MUNICH
GRUNDSTUCKSAKTIENGESSELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	MUNICH
WEALTHCAP OBJEKT-VORRAT 25 GMBH & CO. KG	MUNICH
ZANE BH DOO	SARAJEVO
ZAGREB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGREB
ZABA PARTNER D.O.O. ZA BROKERSKE POSLOVE U OSIGURANJU I REOSIGURANJU	ZAGREB
DINERS CLUB CS, S.R.O.	BRATISLAVA

## Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE
BACA LEASING ALFA S.R.O.	PRAGUE
PRO WOHNBAU GMBH	VIENNA
POMINVEST DD	ZAGREB
KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	VIENNA
BA BETRIEBSOBJEKTE GMBH	VIENNA
IMMOBILIEN HOLDING GMBH	VIENNA
UNICREDIT BANK IRELAND PLC	DUBLIN

COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
UNICREDIT LEASING CZ, A.S.	PRAGUE
IMMOBILIEN HOLDING GMBH	VIENNA
ZAGREBACKA BANKA D.D.	ZAGREB
CARD COMPLETE SERVICE BANK AG	VIENNA
POLLUX IMMOBILIEN GMBH	VIENNA
UNIVERSALE INTERNATIONAL REALITAETEN GMBH	VIENNA
UNICREDIT SPA	MILAN

## Part A - Accounting policies

### Entities line by line which changed the company name during the the year

COMPANY NAME	MAIN OFFICE	COMPANY NAME	MAIN OFFICE
BAH-OMEGA ZRT.'V.A.' (ex. BAH-OMEGA ZRT.)	BUDAPEST	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH IN LIQUIDATION (ex. UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH)	VIENNA
ALPHA RENT DOO BEOGRAD (ex. UNICREDIT RENT D.O.O. BEOGRAD)	BELGRADE	ICE CREEK POOL NO. 5 DAC (ex. ELEKTRA PURCHASE NO. 39 DAC)	DUBLIN

### 2. Significant assumptions and assessment in determining the consolidation scope

The Group determines the existence of control and, consequently, the consolidation scope, checking, with reference to the entities in which it holds exposures:

- the existence of power over the relevant activities;
- the exposure to the variability of returns;
- the ability to use the power exercised in order to influence the returns to which it is exposed.

The factors that have been considered for the purposes of this assessment depend on the entity's governance methods, purposes and equity structure. On this point, the Group differentiates between entities governed through voting rights, i.e. operating entities, and entities not governed through voting rights, which comprise special purpose entities (SPEs) and investment funds.

In the case of operating entities, the following factors provide evidence of control:

- more than half of the company's voting rights are held directly or indirectly through subsidiaries (also when they act as trustee companies) unless, exceptionally, it can be clearly demonstrated that this ownership does not originate control;
- half, or a lower proportion, of the votes exercisable in the shareholders' meeting are held and it is possible to govern the relevant activities unilaterally through:
  - the control of more than half of the voting rights based on an agreement with other investors;
  - the power to determine the entity's financial and operating policies based on a contract or a statutory clause;
  - the power to appoint or remove the majority of the members of the Board of Directors or the equivalent governing body, and that board or body is responsible for managing the company;
  - the power to exercise the majority of voting rights in meetings of the Board of Directors or the equivalent governing body, and that board or body is responsible for managing the company.

The existence and effect of potential voting rights, including those incorporated in options, way-out clauses, or instruments convertible into shares, are taken into consideration when assessing the existence of control, in case they are substantial.

In particular, potential voting rights are considered substantial if all the following conditions are met:

- they can be exercised either immediately or at least in good time for the company's shareholders' meeting;
- there are no legal or economic barriers to exercise them;
- exercising them is economically convenient.

As at 31 December 2021 the Group holds the majority of the voting rights in all the operating entities subject to consolidation, with the exception of two companies for which the Group, although not holding the majority of voting rights, (i) has signed shareholders' agreements which enable it to appoint the majority of members of the governing body, or contractual agreements which determine the possibility of managing the company's business unilaterally, and (ii) is exposed to the variability of the said company's returns.

It should also be noted that there are no cases in which control derives from holding potential voting rights.

Special purpose entities are considered controlled if the Group is, at one and the same time:

- exposed to a significant extent to the variability of returns, as a result of exposures in securities, of disbursing loans or of providing guarantees. In this regard it is assumed as a rebuttable presumption that the exposure to variability of returns is significant if the Group has at least 30% of the most subordinated exposure,
- able to govern the relevant activities, also in a de facto manner. Examples of the power to govern on this point are performing the role of sponsor or servicer appointed to recover underlying receivables, or managing the company's business.



## Part A - Accounting policies

In particular, consolidated special purpose entities include:

- Conduits in which the Group plays the role of sponsor and is exposed to the variability of returns, as a result of subscribing Asset Backed Commercial Paper issued by them and/or of providing guarantees in the form of letters of credit or liquidity lines;
- vehicles used to carry out securitisation transactions in which the Group is the originator as a result of subscribing the subordinated tranches;
- vehicles financed by the Group and established for the sole purpose of performing financial or operating leasing in favor of customers which are financed by the Group;
- vehicles in which, as a result of deteriorating market conditions, the Group has found itself holding the majority of the financial exposure and, at the same time, managing the underlying assets or the related collections.

It should be noted that, in the case of special purpose entities set up as part of securitisation transactions pursuant to Italian Law 130/99, the segregated assets are analysed separately with respect to the analysis of the SPE. For the latter, control is assessed on the basis of possession of the voting rights attributed to the company's shares.

Investment funds managed by Group companies are considered controlled if the Group is significantly exposed to the variability of returns and if the third-party investors have no rights to remove the management company.

In this regard it is assumed as a rebuttable presumption that the exposure to the variability of returns is significant if the Group has at least 30% as a result of subscription of the units and commissions received for the management of the fund's assets.

Funds managed by Group companies that are in seed/warehousing phases are not considered controlled.

In this phase, in fact, the aim of the fund is to invest, in accordance with fund's regulation, in financial and non financial assets with the aim of allotting the quotas to third party investors. Consequently it has been evaluated that the management company is not able to exercise power due to its limited decision power.

Investment funds managed by third-party companies are considered controlled if the Group is significantly exposed to the variability of returns and at the same time, has the unilateral right to remove the management company.

In this regard it is assumed as a rebuttable presumption that the exposure to the variability of returns is significant if the Group has subscribed at least 30% of the fund's units.

With reference to 31 December 2021, it should be noted that 222 controlled entities (of which 28 belonging to the Banking Group) were not consolidated pursuant to IFRS10, of which 221 for materiality threshold and/or liquidation procedures, while the remaining company relates to one restructuring procedure whose risks are measured coherently as part of the credit exposures. Based on available information, it is believed that their consolidation would not have impacted significantly the Group net equity.

### 3. Equity investments in wholly-owned subsidiaries with significant non-controlling interests

#### 3.1 Non-controlling interests, availability of votes of NCIs and dividends distributed to NCIs

COMPANY NAME	MINORITIES EQUITY RATIOS (%)	MINORITIES VOTING RIGHTS (%)	DIVIDENDS TO MINORITIES (€ million)
ZAGREBACKA BANKA D.D.	15.53	15.53	-

#### 3.2 Equity investments with significant non-controlling interests: accounting information

(€ million)							
COMPANY NAME	TOTAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	TANGIBLE AND INTANGIBLE ASSETS	FINANCIAL LIABILITIES	NET EQUITY	NET INTEREST MARGIN
ZAGREBACKA BANKA D.D.	17,581	4,664	12,643	179	14,785	2,490	289

continued: 3.2 Equity investments with significant non-controlling interests: accounting information

COMPANY NAME	OPERATING INCOME	OPERATING COSTS	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	OTHER COMPREHENSIVE INCOME (3) = (1) + (2)
ZAGREBACKA BANKA D.D.	595	(245)	304	267	-	267	(5)	262

The exposures above refer to the amounts of individual accounts of subsidiary as at 31 December 2021.

## Part A - Accounting policies

### 4. Significant restrictions

Shareholder agreements, regulatory requirements and contractual agreements can limit the ability of the Group to access the assets or settle the liabilities of its subsidiaries or restrict the latter from distribution of capital and/or dividends.

With reference to shareholder agreements, it should be noted that to the consolidated entities UniCredit BPC Mortgages S.r.l. and UniCredit OBG S.r.l. companies established according to Law 130/99 for the execution of securitisation transactions or the issuance of covered bonds, shareholders' agreements allow the distribution of dividends only when the credit claims of guaranteed lenders and bearer of covered bonds are satisfied.

In the course of the demerger of the CEE Banking Business from UniCredit Bank Austria AG (UCBA) to UniCredit S.p.A. effected in 2016, UniCredit S.p.A. undertook an agreement with UniCredit Bank Austria AG and its minority shareholders that until 30 June 2024, envisaging: (i) the restriction, as shareholder of UniCredit Bank Austria AG, from resolving on any dividend distributions of the latter in case UniCredit Bank Austria AG's consolidated and solo CET1 ratios, as a consequence thereof, fall below (a) 14% or (b) the higher minimum CET1 ratio required at the time by the applicable regulatory framework, plus any required buffers, and (ii) the support to any management decision and board resolution of UCBA aimed at safeguarding such CET1 ratios.

UniCredit group is a banking group subject to the rules provided by Directive (EU) 2019/878 of the European Parliament and of the Council (so called CRD V), amending Directive 2013/36/EU on "access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" and by Regulation (EU) 2019/876 of the European Parliament and of the Council (so called CRR2), amending Regulation (EU) 575/2013 on "prudential requirements for credit institutions and investment firms" and that controls financial institutions subject to the same regulation.

The ability of the controlled banks, and of the other regulated entities, to distribute capital or dividends may be restricted to the fulfilment of these requirements in terms of both capital ratios and "Maximum Distributable Amount" as well as further eventual regulation applicable at national level and recommendation by competent authorities provided time by time.

In particular, the ECB recommendation on dividend distribution (ECB/2020/62, issued on 15 December 2020), referred to the exceptional Covid-19 circumstances, has impacted ordinary distributions on 2020 results. The restrictions remained valid until 30 September 2021 following the ECB/2021/31 recommendation issued on 23 July 2021; considering that the full year 2021 distribution will occur after that date, the limits to the distribution established by the recommendation ECB/2020/62 are not applicable to the dividends on the 2021 results.

Finally, also in consideration of recommendations received from the local supervisory authorities, some subsidiaries of the UniCredit group, during the 2021, have suspended or reduced the distribution of dividends.

The capital ratios requested for 2022 from UniCredit group and agreed upon with the European Central Bank (ECB), also as a result of the Supervisory Review and Evaluation Process (SREP) performed in 2021, are higher than the minimum requirements set by the mentioned regulations.

With reference to subsidiaries, we note that in some jurisdictions and for some foreign entities of the Group, commitments to maintain local supervisory capital higher than regulatory thresholds may exist also as a result of SREP performed at local level.

With reference to free flow among entities based in different countries, available liquidity at Group level bears some restrictions related to the Large Exposure prudential limits, according to both CRR definition and decisions adopted by Member States (with reference to cross border intragroup exposures) some of them recently implemented with the aim to face the recent health emergency: consequently, a portion of available liquidity may suffer impediments that hinder its transfer among group entities. Further details are reported in the Notes to the consolidated accounts as at 31 December 2021, Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.4 Liquidity risk.

With reference to contractual agreements, UniCredit group has also issued financial liabilities whose callability, redemption, repurchase or repayment before their contractual maturity date is subject to the prior permission of the competent authority. The carrying value of these instruments as at 31 December 2021 is equal to €40,549 million and includes capital instruments and TLAC eligible instruments.

### 5. Other information

For information on jointly-controlled companies and companies subject to significant influence that have not been consolidated in accordance with IFRS10 as at 31 December 2021, in addition to the controlled ones disclosed in previous paragraph 2. Significant assumptions and assessment in determining the consolidation scope, reference is made to the paragraph "7.6 Valuation and significant assumptions to establish the existence of joint control or significant influence" of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70.

## Part A - Accounting policies

### Section 4 - Subsequent events

No material events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Consolidated financial statements as at 31 December 2021.

For a description of the significant events after year-end refer to the information below.

On 11 January 2022 UniCredit S.p.A. launched a dual tranche Senior Preferred €1.25 billion with 6 years maturity, callable after 5 years, and €500 million with 10 years maturity.

The amount issued is part of the 2022 Funding Plan and confirms once again UniCredit's ability to access markets in different formats.

On 18 January 2022 UniCredit S.p.A. reached an agreement with a securitisation vehicle managed by KRUK Group in relation to the disposal on a non-recourse basis (pro-soluto) of a non performing corporate credit portfolio both secured and unsecured, in Italy.

The portfolio consists entirely of Italian Non Performing Exposures with a claim value of approximately €222 million. The economic impact was recognised in the 2021 Financial Statements, where the portfolio will be classified as held-for-sale, in accordance with IFRS5.

On 21 January 2022, as all necessary regulatory approvals and all other conditions for transactions completion have been met, Zagrebačka banka signed the Share Transfer Agreement with Telemach Hrvatska for the transfer of 36.90% of OT-Optima Telekom DD shares.

Based on the above, the company is therefore deconsolidated since January 2022.

For additional information on such transaction refer to paragraph "Other information on Group activities" of this Consolidated report on operations.

On 28 January 2022 UniCredit and Allianz announced having signed a multi-country framework agreement, setting the basis for enhanced collaboration benefiting clients of both companies. The agreement covers UniCredit's footprint in Italy, Germany, Central and Eastern Europe and appropriately recognises both partners' contribution to the value that is being created. The agreement encompasses joint investments aimed at integrating and accelerating the digitalization of our processes. It will also pave the way for a cooperation between the two groups in the insure-banking business, allowing UniCredit to offer its best-in-class banking products to customers on Allianz's open platform in Germany, Italy and other jurisdictions.

On 14 April 2021, the National Council of Republic of Slovenia filed with the National Assembly a legislative proposal on limiting and distributing currency risk among creditors and borrowers of loans in Swiss francs (CHF).

The proposal for the introduction of the new law aimed at restructuring consumer loans denominated in CHF or those contractually linked to CHF, originated between 28 June 2004 and 31 December 2010, effectively retroactively introducing a 10% exchange rate cap which limits the amount to be repaid by customers, as capital or interest, following revaluation of the CHF against the EUR.

During 2021, the following events occurred:

- on 25 May 2021, the Slovenian Government submitted to the National Assembly a negative opinion stating that it would not support the law proposal;
- on 26 November 2021, the European Central Bank released an opinion (CON/2021/36) on the modification of Swiss franc loan agreements; among other comments, the opinion stated that *"introducing measures with retroactive effect undermines legal certainty and is not in line with the principle of legitimate expectations and may also interfere with acquired rights"*.

On 5 January 2022, the National Assembly's Legislative Office issued an opinion highlighting material constitutional deficiencies of the proposal for the introduction of the new law, mainly related to retroactivity, rule of law, right to private property and free enterprise.

Despite the above, on 2 February 2022, the National Assembly approved the law, subject to publication in the Official gazette, and effective 15 days (*vacatio legis*) after the publication in the Official gazette.

On the basis of the above, no provision was recognized as of 31 December 2021 regarding the entry into force of the aforementioned law. The approval of the law by the National Assembly was deemed to be a non-adjusting event under IAS10, as the virtual certainty of the law enactment, which is the condition required by IAS37 for recognition and measurement of provisions determined by the introduction of new laws, was not met as at 31 December 2021, and only emerged in February 2022 with the approval by the National Assembly.

The Group is evaluating the features of the law; in the event its enactment will result in a negative economic effect, the estimated impact on the Group CET1 ratio would not exceed a mid-single digit.

On 3 February 2022 it was announced that, following the communication received from the ECB in relation to the 2021 Supervisory Review and Evaluation Process (SREP), UniCredit's Pillar 2 Capital Requirement (P2R) is confirmed at 175 basis points.

Since 1 March 2022 UniCredit shall respect the following capital requirements on a consolidated basis, unchanged with respect to those previously applied, and equal to:

- 9.03 per cent CET1 ratio;
- 10.86 per cent Tier 1 ratio;
- 13.30 per cent Total Capital ratio.

## Part A - Accounting policies

### Section 5 - Other matters

In 2021 the following standards, amendments or interpretations came into force:

- amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 Interest Rate Benchmark Reform - Phase 2 (EU Regulation 2021/25);
  - amendments to IFRS4 Insurance Contracts - deferral of IFRS9 (EU Regulation 2020/2097);
  - amendments to IFRS16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (EU Regulation 2021/1421);
- whose adoption has not determined substantial effects on the amounts recognised in balance sheet or income statement.
- With reference to the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions beyond 30 June 2021" and "Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 Interest Rate Benchmark Reform - Phase 2" additional explanations are provided below in this section.

As at 31 December 2021, the following documents have been endorsed by the European Commission:

- Amendments to IFRS3 Business Combinations; IAS16 Property, Plant and Equipment; IAS37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020" (EU Regulation 2021/1080) applicable to reporting starting from 1 January 2022; and
- IFRS17 Insurance Contracts; including Amendments to IFRS17 (EU Regulation 2021/2036) applicable to reporting starting from 1 January 2023.

As at 31 December 2021 the IASB issued the following accounting standards whose application is subject to completion of the endorsement process by the competent bodies of the European Commission, which is still ongoing:

- amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (January 2020 and July 2020 respectively);
- amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (February 2021);
- amendments to IAS8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (February 2021);
- amendments to IAS12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (May 2021);
- amendments to IFRS17 Insurance contracts: Initial Application of IFRS17 and IFRS9 - Comparative Information (December 2021).

### Risks, uncertainties and impacts of Covid-19 pandemic

Reference is made to "Section 2 - General preparation criteria" for a description of risks and uncertainty relating to Covid-19 pandemic.

#### Contractual modifications arising from Covid-19

##### 1) Contractual modifications and accounting derecognition (IFRS9)

In order to limit the effects of the restriction measures put in place to contain the Covid-19 pandemic, starting from the first half 2020, the Group has granted to its customers debt moratoria measures. These measures have been granted both following the approval of specific laws by the governments in which the Group operates and as a result of specific initiatives of Group's credit institutions so to complement government initiatives or in those countries in which the local government has not issued specific laws.

These moratoria measures generally allowed to postpone the payment of instalments, either upon request by the customers or, in some countries, automatically for all the loans in scope of local laws, with the consequent increase in the maturity of the loan and the accrual of interests on the capital being postponed.

As a result of the continuing health emergencies, restrictions measures have not been lifted and these initiatives have been renewed in the second half of 2021 allowing the possibility to further postpone payments at a future date defined by local measures which is within either 31 December 2021 or first half 2022 depending on countries.

In accordance with ESMA's declaration<sup>14</sup> which clarified that it is unlikely that the contractual changes resulting from these moratoria can be considered as substantial, the Group has not derecognised the related credit exposures<sup>15</sup>. A modification loss is consequently recognised in item "140. Gains/Losses from contractual changes with no cancellations" if the increase in future payments is not sufficient to remunerate the Group for the postponement period also in light of local laws and regulations. As at 31 December 2021 the amount deriving from the modification loss recognizing through Profit & Loss was equal to €6 million.

##### 2) Amendment to IFRS16 accounting standard

The IASB published 28 May 2020 the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions" which has been endorsed on 15 December 2020.

<sup>14</sup> ESMA public statement: "Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS9" of 25 March 2020.

<sup>15</sup> According to IFRS9, the contractual modifications must be accounted for (i) if significant, through the derecognition, (ii) if not significant, through the recalculation of the gross exposure by discounting the contractual cash flows after the modification at the original effective interest rate. The standard does not provide any indication as to whether a change is significant or not. For further information on accounting principles used by the Group on this matter, refer to Part A - Accounting policies, A.2 - Main items of the accounts.



## Part A - Accounting policies

Such amendments provide lessees with an exemption (permitted and not required) from assessing whether a Covid-19-related rent concession is a lease modification. Entities applying the exemption, available from 1 June 2020, would account for the changes as if they were not lease modifications.

If the exemption is applied by the lessee then:

- forgiveness or waiver of lease payments are accounted for as a variable lease payment against the derecognition of the part of lease liability forgiven or waived;
- change in lease payments that reduces payments in one period but proportionally increases payments in another, requires interest to be accrued on the lease liability and lease liability to be reduced in order to reflect lease payments made to the lessor.

The exemption could be used only if the following conditions are met:

- rent concessions occur as a direct consequence of the Covid-19 pandemic;
- the revised consideration for the lease is the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments affects only payments originally due on or before 30 June 2021;
- there is no substantive change to other terms and conditions of the lease.

On 31 March 2021, the IASB published "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS16)" which extended the aforementioned exemption also to lease contracts with payment relief and payments originally due before, or on 30 June 2022. Such amendment, which has been endorsed on 30 August 2021, is applicable for annual reporting periods beginning on or after 1 April 2021.

The Group has not applied the exemption foreseen by the IFRS16 amendments.

### TLTRO

On 6 January 2021, ESMA published a document which, referring to the changes introduced by the ECB during 2020 due to the Covid-19 emergency with particular reference to the interest rates applicable to the third series of targeted longer term refinancing operations (TLTRO III), recommends an adequate level of transparency regarding the accounting treatment applied for the purposes of preparing the financial statements. Then, on 16 February 2021, ESMA informed the Market that a letter<sup>16</sup> requiring an official position by IFRS Interpretation Committee (IFRIC) about the TLTRO III accounting treatment was issued on 9 February 2021; specifically, ESMA invited the IFRIC to clarify the applicable requirements considering questions related to: (i) accounting for the transactions according to requirements of IFRS9 or IAS20; (ii) the method to calculate the effective interest rate at initial recognition and, in particular, the circumstance that this rate has to incorporate the expectations of obtaining future benefits in terms of lower cost of funding following the expected achievement of the "eligibility" criteria required by the regulations; and (iii) accounting treatment of changes in estimates of payments due to revised assessment of meeting the eligibility criteria upon application of IFRS9. In June 2021, IFRIC reported the following remarks regarding the questions raised by ESMA; specifically: (i) the topics about the application of IFRS9 vs. IAS20 accounting standards embedded topics different from being accounting matters (e.g. determining whether the ECB meets the definition of government); (ii) regarding the effective interest rate and the consequence of the modification in interest rate, IFRIC reported that the topics will be discussed during the "Post-Implementation Review of the classification and measurement requirements in IFRS9" by IASB, starting from fourth quarter 2021.

Therefore, the accounting treatment adopted by the Group, as described below, may be still subject in the future to different interpretations by the competent bodies.

According to UniCredit group approach, the TLTRO liabilities are recognised as banking book funding instruments to be subsequently measured at amortised cost according to IFRS9.4.2.1.

The prospect for the borrowing bank to be charged of a variable negative interest on "long term refinancing operations", additional to the average Deposit Facility Rate ("DFR") or Main Refinancing Operation ("MRO") rate, is linked to the achievement of specific threshold on cumulative net lending toward eligible counterparties<sup>17</sup>.

In particular, financial conditions incorporated into TLTROs are reflecting ECB monetary policy initiatives to prospectively reduce market "cost of funding" for banking institutions by using "non-conventional" tools and reflected in money market operations.

As a result, accounting analysis rejected such an interest would have been assimilated to either (i) a government grants (being ECB TLTRO a "limited access & banking specific" market by its own), or (ii) an embedded derivative.

Therefore, such contractual term must be seen as contractual clause included into a one-coupon floating-rate<sup>18</sup> financial liability (the refinancing operation), and to be considered part of the calculation of the liability's interests according to IFRS9.

<sup>16</sup> Link: <https://www.esma.europa.eu/press-news/esma-news/esma-submits-ifs-9-and-ias-20-related-questions-ifs-interpretations-committee>.

<sup>17</sup> Loans to non-financial corporations & Loans to households, excluding loans for house purchase.

<sup>18</sup> Either for the base rate (Avg DFR or Avg MRO) and the spread (up to -50bps with a minimum of -1% for a portion of the liability's expected duration).

## Part A - Accounting policies

Under the said accounting principle, the interests shall be calculated by using the “effective interest method”, that allocates interests over the application period of the “effective interest rate”. The latter is defined as the rate that discounts estimated future cash flows through the expected life of the financial instruments to the net carrying amount.

Accordingly, having introduced a new/prospective “performance-related” remuneration within the ECB, TLTRO “market” specific financial features are handled similarly to changes in market-index for floating-rate liabilities.

Therefore, referencing EIR rules for “markets-driven” variable remunerations, changes in “market index” (e.g., base rate and spread) are reflected by adjusting instruments’ carrying amount calculated by reference to the evolution of the “TLTRO index” and limited to the accrued (to-date) portion<sup>19</sup>.

As a result, TLTRO III effective interest rate ranges: (i) between -0.33% and -0.83% for the €94.3 billion allotment cashed-in during June 2020 (3years funding<sup>20</sup>); (ii) between -0.50% and -1.00% for the €12.5 billion allotment cashed-in during March 2021 (expected to be almost entirely repaid by June 2022); such effects are coherent with the benchmark achievements for cumulative net lending as at March 2021 and December 2021, as well as current MRO and DFR levels.

With reference to 2021, the interest income contribution, related to the total outstanding of €106.8 billion TLTRO funding, is equal to +€893 million (o/w +€366 million from CNL spread additional to “DFR”), including the effects associated to achieving the threshold of outstanding cumulative net lending production. With reference to the special reference period ending on 31 March 2021 the relevant volumes have been submitted to ECB by August 2021, while for the additional reference period ending on 31 December 2021 the relevant volumes will be provided to ECB with the third report not later than 17 May 2022, together with the result of the auditor's evaluation.

### Tax credits connected with the “Cura Italia” and “Rilancio” Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers

The Law Decrees 18/2020 (so-called “Cura Italia”) and 34/2020 (so-called “Rilancio”), converted into law No.27 and No.77 of 2020, introduced into the Italian legal system some tax incentive measures related to both investment expenses (e.g., Eco and Sismabonus) and current expenses (e.g., rents for non-residential premises).

These incentives that apply to households or businesses, are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%) and are disbursed in the form of tax credits or tax deductions (convertible, on option, into tax credits).

The holders of these credits, not refundable by the State, can use them to offset taxes and contributions or they can further transfer them (in whole or in part) to third parties.

Since the third quarter of 2020 UniCredit S.p.A. launched commercial initiatives aimed at:

- providing “bridge” credit facilities subject to the presentation of appropriate documentation proving the intervention and the future generation of tax credit, to support the financial needs related to the cost of the interventions;
- simultaneously underwriting commitments related to the purchase of the future tax credit with the associated obligation of the assigning customer to use the amount collected from the transfer of the tax credit to reimburse the granted “bridge” loan;
- directly purchasing tax credits from assignors who do not require any “bridge” loan.

Starting from the second quarter of 2021 indirect purchases of Tax Credit has been exploited through fully consolidated Italian Securitization SPVs, incorporated under Law 130/99, to manage CIB clients network financing needs.

The specific features of these tax credits are such that these assets are not in the scope of international accounting standards IAS/IFRS.

Therefore, the paragraph of IAS<sup>21</sup> is applied, requiring the management to define an accounting policy suitable for providing relevant and reliable information.

In accordance with the paper published by the OIC on 17 May 2020<sup>22</sup> and the Document No.9 jointly published by Banca d'Italia, CONSOB, IVASS on 5 January 2021<sup>23</sup>, it is believed that an accounting model based on IFRS9 is the accounting model more suitable for providing relevant and reliable information.

As a result of the above, on initial recognition tax credits are booked among assets in item “130. Other assets” for a value equal to the purchase price, assumed equal to a Level 3 fair value of the fair value hierarchy according to IFRS13.

For subsequent measurement, the provisions of IFRS9 relating to the “Held to collect portfolio” are applied for both direct and indirect (through Italian Securitization SPVs) purchases. As a result, these tax credits are measured at amortised costs recognising in the Income statement in item “10. Interest income and similar revenues” the portion -accrued in the period- related to the difference between the value at initial recognition and the value that is expected to be utilised through the offsetting with tax liabilities. The latter value is subject to periodical re-assessment with recognition into income statement, item “10. Interest income and similar revenues” of any write-downs.

<sup>19</sup> Similarly, to other “market indexed” variable rate notes.

<sup>20</sup> Early termination will result in lower (i.e., more negative) EIR with additional NII effect.

<sup>21</sup> IAS8 paragraph 10.

<sup>22</sup> “Cessione del credito d'imposta” - Law 17 July 2020 No.77.

<sup>23</sup> Accounting treatment of tax credits associated with the “Cura Italia” and “Rilancio” Law Decrees purchased following the sale by direct beneficiaries or previous buyers.

## Part A - Accounting policies

As of 31 December 2021, no write-downs have been recognised and the tax credit presented in "Other assets" amounts to €337 million.

The commitments connected with the purchase of the future tax credit are recognised, for a value equal to the price that will be paid when the commitment will be used by the customer, among "Other commitments" (€490 million as of 31 December 2021), and were evaluated in relation to their effectively offset value resulting in no need for write-downs, that, if existing, are recognised in Income statement under item "200. Net provisions for risks and charges".

For the sake of completeness, it should be noted that against credit facilities for €325 million, as of 31 December 2021 bridge loans equal to €183 million has been recognised among financial instruments measured at amortised cost, according to the ordinary provisions of IFRS9.

### Interbank Offered Rates (IBORs) transition

Following the concerns raised about the integrity and reliability of major financial market benchmarks the Financial Stability Board (FSB) started a comprehensive reference rates reform. In order to assess the relevant risks associated with the benchmark reforms and taking appropriate actions to ensure an adequate transition to alternative or reformed benchmark rates ahead of the deadline of the end of 2021 specified in the revised EU Benchmark Regulation (BMR), UniCredit group launched in October 2018 a Group wide project in order to manage the IBORs discontinuation with a multiyear roadmap defined based on both Group exposure (mainly focused on Euro) and transition timeline.

It is worth to mention that the "European Working Groups on Euro Risk-Free Rates" issued its recommendations on Euribor fallbacks and cessation triggers while other international working groups and bodies (e.g., International Swaps and Derivatives Association - ISDA; ICE Benchmark Administration - IBA; London Clearing House - LCH) issued recommendations, focused on LIBOR discontinuation, that will be taken into account while envisaging market practices to consider on transition.

At the same time Benchmark Regulation has been amended in order to allow the EU Commission to provide for statutory replacement rates (to be defined after a public consultation and applicable to contracts lacking a suitable fallback provision in case of the cessation of the benchmark rate agreed by the parties), while the other mainly involved international market authorities (e.g., Financial Conduct Authority and Bank of England in the UK, New York State Department of Financial Services in the US) are defining possible amendments to the applicable laws in order to support a smooth transition.

Such discussions and consultation outcomes, while aimed to bring further stability in the market and reduce conduct risk, still represent source of possible uncertainty, with reference to the timing and/or fallback rules applied to outstanding stock of assets, liability and derivatives linked to other IBOR agreements (yet to be transformed or transitioned).

On 5 March 2021, the Financial Conduct Authority (FCA) in its capacity as LIBOR regulator announced that LIBOR settings process will not be available (ceased to be provided or no longer representative) according with the below discontinuation path:

- immediately after 31 December 2021, in the case of all Sterling, Euro, Swiss Franc and Japanese Yen settings, and the 1-week and 2-month US Dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US Dollar settings.

ISDA echoed on the same day, stating that the FCA announcement constituted a trigger event under the ISDA 2020 IBOR Fallbacks Protocol. As a result, the fallback spread adjustment on relevant derivatives (also applicable on cash instrument considering the recommendations of major national working group), is fixed starting from the same day for all Euro, Sterling, Swiss Franc, US Dollar and Japanese Yen LIBOR settings. In order to avoid disruption to legacy contracts that reference the 1,3 and 6-month GBP and JPY Libor, the FCA deliberate for the publication under a changed methodology basis (also known as 'synthetic'), until end of 2022, of the mentioned 6 Libor settings made available by IBA for use in legacy contracts other than cleared derivatives. Synthetic settings availability provides some relief on LIBOR contracts repapering effort (in particular for contracts subject to UK law).

The European Commission adopted an Implementing Act of the BMR that has been published in the Official Journal of the European Union on 22 October 2021; the Implementing Act provides legal ground for a Statutory Replacement Rate for legacy contracts indexed to CHF LIBOR and EONIA that have not yet been repapered or do not contain adequate fallback rates.

Such a replacement rate operating by law brought further stability in the market and reduced the conduct risk associated with the outstanding stock of assets, liabilities and derivatives transformed or transitioned or yet to be transformed or transitioned.

## Part A - Accounting policies

In order to address potential source of uncertainty on the effect of the Interbank offered rates (IBOR) reform on existing accounting hedge relationships the “Amendments to IFRS9, IAS39 and IFRS7 Interest Rate Benchmark Reform” (the Amendment) clarifies that the reform does not require to terminate such hedge relationships, whose volume as of 31 December 2021 is presented below:

### Hedging contracts: notional amount<sup>(\*)</sup>

		INDEX				(€ million)
HEDGING RELATIONSHIP	HEDGED ITEMS	LIBOR USD	LIBOR JPY	LIBOR OTHER CURRENCIES	OTHERS	
Fair value	Assets	16,325	6,191	223	-	
	Liabilities	29,923	5,085	87	-	
Cash flows	Assets	17,783	3,767	194	-	
	Liabilities	6,913	696	97	-	
<b>Total</b>		<b>70,944</b>	<b>15,739</b>	<b>601</b>	<b>-</b>	

Note:

(\*) Double-entry method when relevant.

In order to address potential source of uncertainty on the effect of the Interbank offered rates (IBOR) reform IASB issued “Interest Rates benchmark Reform - Phase 2; Amendments to IFRS9, IAS39 and IFRS7” including indications to manage changes in financial instruments that are directly required by the Reform and providing for (i) exceptions to standard rules dealing with accounting for changes of the contractual cash flows of assets and liabilities and (ii) reliefs from discontinuing hedge relationships.

As long as contractual terms (i) are amended as a direct consequence of interest rate benchmark reform and (ii) the new basis (to determine the contractual cash flows) is economically equivalent to the previous basis<sup>24</sup>, they will be treated as changes to a floating interest rate arising from movement in the market rate of interest (meaning the EIR will be updated prospectively without adjusting the carrying amount)<sup>25</sup>.

Similarly, the Amendments requires an assessment whether a modification of a financial instruments might lead to its derecognition (i.e. when the modification results in a “substantial change” in the expected cash flows) to be applied only to changes beyond those resulting from the market-wide reforms of an interest rate benchmark<sup>26</sup>.

As a result, changes that do qualify for the practical expedient will not be regarded as sufficiently substantial that the instrument would be derecognised and, consequently, IFRS9 classification requirements (to be run at initial recognition of a financial assets, including SPPI test) doesn't have to be conducted.

The major relief Amendments introduces in respect of hedge relationships is that changes to the documentation do not result in the discontinuation of hedge accounting nor (in) the designation of a new hedge relationship as long as it only refer to designating an alternative benchmark rate as the hedged risk, or amending the description (i) of the hedged item/portion of the cashflows or fair value being hedged, (ii) of the hedging instruments or (iii) how the entity will assess hedge effectiveness<sup>27</sup> as a consequences of changes to hedged and hedging instruments induced by the Reform (including the addition of a fixed spread to compensate for the basis difference).

<sup>24</sup> Including replacement of the benchmark, addition of a fixed spread to compensate for the “basis difference” among former and new benchmark duration, and changes to the reset period, reset dates or the number of days between coupon payment dates, addition of a fallback provision.

<sup>25</sup> Ref. IFRS9.5.4.7-8.

<sup>26</sup> Ref. IFRS9.5.4.9.

<sup>27</sup> Ref. IFRS9.6.9.1, IAS39.102P.



## Part A - Accounting policies

Volume of financial instruments that have yet to transition to an alternative RFR as at the end of the reporting period are the follow:

### Financial instruments subject to IBOR reform: contractual/notional amount<sup>(\*)</sup>

(€ million)

	INDEX				Total
	LIBOR USD	LIBOR CHF	LIBOR OTHER CURRENCIES	OTHERS	
<b>Non-derivative financial assets</b>	<b>16,271</b>	<b>5,157</b>	<b>1,080</b>	<b>-</b>	<b>22,508</b>
<i>Loans&amp;Advances</i>	<i>15,251</i>	<i>5,157</i>	<i>1,042</i>	<i>-</i>	<i>21,450</i>
<i>Securities</i>	<i>1,020</i>	<i>-</i>	<i>38</i>	<i>-</i>	<i>1,058</i>
<b>Non-derivative financial liabilities</b>	<b>2,103</b>	<b>78</b>	<b>59</b>	<b>-</b>	<b>2,240</b>
<i>Deposits</i>	<i>1,559</i>	<i>78</i>	<i>59</i>	<i>-</i>	<i>1,696</i>
<i>Issued securities</i>	<i>544</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>544</i>
<b>Derivatives</b>	<b>237,206</b>	<b>4,971</b>	<b>7,945</b>	<b>-</b>	<b>250,122</b>

Note:

(\*) Figures submitted to KMPs.

In order to closely follow the developments on IBORs and to properly manage the transition and the discontinuation impacts, UniCredit group is continuously monitoring the market, also attending the European working groups, the industry working groups (e.g. International Swaps and Derivatives Association - ISDA) and participating to the relevant public consultations.

### Agreement between UniCredit and SIA

In 2016, in the context of the contribution of UniCredit's card processing business to a newco ("P4cards S.r.l." or "P4C") purchased by SIA, UniCredit Services ("UCS") signed a 10-year outsourcing agreement (i.e. until 2026) with P4C and SIA for the provision of card-processing services in Italy, Germany and Austria ("Master Services Agreement" or the "MSA").

On 5 October 2020, UniCredit and SIA announced, through a press release, that they entered into exclusive negotiations about the existing current outsourcing agreement, and its renewal until 2036. The parties further announced their aim to close the transaction binding documents in early 2021.

On 12 February 2021, as a follow up, UniCredit and SIA announced the successful revision of the overall terms of their existing business relationships. The key terms, accounting wise, of the new agreement are the following:

- agreement to equitably settle their existing discussions on certain circumstances occurred under the existing MSA that in UCS view were inconsistent with its expectations under such MSA ("Settlement Agreement");
- possibility by SIA to unilaterally renew the MSA until 31 December 2036 upon condition that SIA is performing its obligations in full compliance with the MSA ("Renewal interest");
- introduction of a profit-sharing mechanism to be paid to UniCredit Services (UCS) on yearly basis as a reduction of charges subject to the achievement of certain level of yearly actual fees paid to SIA.

In light of the above, in February 2021 SIA paid to UCS an amount of €228 million, of which €48 million related to the Settlement Agreement and €180 million related to the Renewal interest.

With reference to the Settlement agreement, it settles circumstances occurred in the previous periods and does not remunerate actions or performance to be carried out after the signature; as a result, the related amount of €48 million was recognised during 2021 as Other income.

With reference to Renewal interest, the contract envisages the advance payment of €180 million by SIA to UniCredit group, in exchange for the possibility by SIA to decide unilaterally on a yearly basis until 2025, whether extending the contract for the period 2027-2036. In case SIA decides to waive the renewal, the Group shall reimburse SIA for a portion of the €180 million, decreasing in the period 2021-2024 according to the contractual provisions. Therefore, the amount of €180 million, recognised under the item Other Liabilities, is booked through Profit & Loss as Other income in the periods 2021-2024 for the portion, defined by the contract, that shall not be reimbursed to SIA in case it waives its renewal right. Within 2021 the Group has recognised among Other income the amount of €79 million referred to the years 2021 and 2022.

The profit-sharing mechanism has been introduced starting from 1 January 2021, and it envisages a reduction of the commission expenses paid by the Group to SIA for an amount calculated on the basis of the positive difference between: (i) the actual yearly revenues generated, and (ii) certain yearly revenues defined by the contract.

Accounting-wise, the profit-sharing related amount is recognised in Income statement, as a reduction of fee expenses, when the Group will be entitled to receive the relevant amount as a result of the conditions defined by the contract being met. As at 31 December 2021, reduction of Commission expenses has been recognised for €5 million on the basis of the mentioned profit-sharing mechanism.

## Part A - Accounting policies

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The Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2021 are audited by Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010 and to the resolution passed by the Shareholder's Meeting on 11 May 2012.

UniCredit group prepared and published within the time limits set by law and in manner required by Consob, the Consolidated first half financial Report as at 30 June 2021, subject to limited scope audit, as well as the Consolidated interim reports as at 31 March and 30 September 2021, both as press releases.

The financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2021 have been approved by the Board of Directors' meeting of 15 February 2022, which authorised its disclosure to the public also pursuant to IAS10.

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the obligation for issuers of securities listed on regulated markets of the European Union to draw up the annual financial report in the language XHTML, based on the European Single Electronic Format (ESEF), approved by ESMA. For the year 2021 it is expected that the consolidated financial statements must be "marked" with the ESEF taxonomy, using an integrated computer language (iXBRL).

The whole document is filed in the competent offices and entities as required by law.

## A.2 - Main items of the accounts

It should be noted that the descriptions of the main items of the accounts reported below are also valid for the Company financial statements of UniCredit S.p.A., unless differently stated.

### 1 - Financial assets at fair value through profit or loss

#### a) Financial assets held for trading

A financial asset is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the short term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivative contract not designated under hedge accounting, including derivatives with positive fair value embedded in financial liabilities other than those valued at fair value with recognition of income effects through profit or loss.

Like other financial instruments, on initial recognition, at settlement date, a held-for-trading financial asset is measured at its fair value, usually equal to the amount paid, excluding transaction costs and income, which are recognised in profit and loss even when directly attributable to the financial assets. Held for Trading derivatives are recognised at trade date.

After initial recognition these financial assets are measured at their fair value through profit or loss.

A gain or loss arising from sale or redemption or a change in the fair value of a held for trading financial asset is recognised in income statement in item "80. Net gains (losses) on trading", including gains or losses related to derivative contracts that are linked to assets and/or liabilities designated at fair value and other financial assets mandatorily at fair value. If the fair value of a financial instrument falls below zero, which may happen with derivative contracts, it is recognised in item "20. Financial liabilities held for trading".

A derivative is a financial instrument or other contract that has all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (usually called the "underlying") provided that in case of non-financial variable, this is not specific of one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

## Part A - Accounting policies

An embedded derivative is separated from financial liabilities other than those measured at fair value through profit or loss and from non-financial instruments, and is recognised as a derivative, if:

- the economic characteristics and risks of the embedded derivative are not closely relating to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and;
- the hybrid (combined) instrument is not measured entirely at fair value through profit or loss.

When an embedded derivative is separated, the host contract is accounted for according to its accounting classification.

### b) Financial assets designated at fair value through profit or loss

A non-derivative financial asset can be designated at fair value if the abovementioned designation avoids accounting mismatches that arise from measuring assets and associated liabilities according to different measurement criteria.

These assets are accounted for alike "Financial assets held for trading" however gains and losses, whether realised or unrealised, are recognised in item "110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: a) financial assets/liabilities designated at fair value"; such item also includes changes in fair value on "financial liabilities designated at fair value" linked to own credit risk, if such a designation creates or increases an accounting mismatch in income statement according to IFRS9.

### c) Other financial assets mandatorily at fair value

A financial asset is classified as financial asset mandatorily at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for being measured at amortised cost or at fair value through other comprehensive income.

Specifically, the following assets have been classified in this portfolio:

- debt instruments, securities and loans for which the business model is neither held to collect nor held to collect and sell but which are not part of the Trading book;
- debt instruments, securities and loans with cash flows that are not solely payment of principal and interest;
- units in investment funds;
- equity instruments not held for trading for which the Group does not apply the option granted by the standard of valuing these instruments at fair value through other comprehensive income.

These assets are accounted for alike "Financial assets held for trading", however gains and losses, whether realised or unrealised, are recognised in item "110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: b) Other financial assets mandatorily at fair value".

## 2 - Financial assets at fair value through other comprehensive income

A financial asset is classified at fair value through other comprehensive income if:

- its business model is held to collect and sell;
- its cash flows are solely the payment of principal and interest.

This category also includes equity instruments not held for trading for which the Group applies the option granted by the standard of valuing the instruments at fair value through other comprehensive income.

On initial recognition, at settlement date, a financial asset is measured at fair value, which is usually equal to the consideration paid, plus transaction costs and revenues directly attributable to the instrument.

After initial recognition, the interests accrued on interest-bearing instruments are recorded in the income statement according to the amortised cost criterion in item "10. Interest income and similar revenues" if positive, or in item "20. Interest expenses and similar charges" if negative.

The gains and losses arising from changes in fair value are recognised in the Statement of other comprehensive income and reported under item "120. Valuation reserves" in shareholders' equity (item "110. Valuation reserves" in the Company financial statements).

These instruments are tested for impairment as illustrated in the specific section 16 - Other Information - Impairment.

Impairment losses are recorded in the income statement in item "130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income" with contra-entry in the statement of other comprehensive income and also reported under item "120. Valuation reserves" in shareholders' equity (item "110. Valuation reserves" in the Company financial statements).

## Part A - Accounting policies

In the event of disposal, the accumulated profits and losses are recorded in the income statement in item "100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income".

Amounts deriving from financial assets carrying amount adjustment, gross of cumulated write-downs, in order to reflect modifications on contractual cash flows that do not give rise to accounting derecognition, are recognised in Income statement in item "140. Gains/Losses from contractual changes with no cancellations"; such line does not include the impact of contractual modifications on the amount of expected loss recognised in item "130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income".

Such item can also include on-balance credit exposures which are already non-performing on initial recognition. These exposures are qualified as "Purchased Originated Credit Impaired - POCI".

The amortised cost and the interest income generated by these assets are calculated by considering, in the estimate of future cash flows, the expected credit losses over the entire residual duration of the asset.

This expected credit loss is subject to periodic review thus determining the recognition of impairment or write-backs.

For further information on "Purchased Originated Credit Impaired" assets see the paragraph "2.1 Credit risk" of the Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and the paragraph "Section 1 - Credit risk" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies with reference to the Company's financial statements

With regard to equity instruments, the gains and losses arising from changes in fair value are recognised in the Statement of other comprehensive income and reported under item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements).

In the event of disposal, the accumulated profits and losses are recorded in item "150. Reserves" (item "140. Reserves" in the Company financial statements).

In accordance with the provisions of IFRS9, no impairment losses on equity instruments are recognised in the income statement. Only dividends are recognised in Income statement within item "70. Dividend income and similar revenues".

### 3 - Financial assets at amortised cost

A financial asset, loan or debt securities, is classified as financial asset measured at amortised cost if:

- its business model is held to collect;
- its cash flows are solely the payment of principal and interest.

These items also include the net value of finance leases of assets under construction or awaiting lease, provided the leases have the characteristics of contracts entailing the transfer of risk.

On initial recognition, at settlement date, financial assets at amortised cost are measured at fair value, which is usually equal to the consideration paid, plus transaction costs and income directly attributable to the instrument.

After initial recognition at fair value, these assets are measured at amortised cost which requires the recognition of interest on an accrual basis by using the effective interest rate method over the term of the loan. Such interest is recognised in item "10. Interest income and similar revenues" if positive or in item "20. Interest expenses and similar charges" if negative.

The amount of financial assets at amortised cost is adjusted in order to take into account impairment losses arising from valuation process as illustrated in the specific section 16 - Other information - Impairment.

Impairment losses are recorded in the income statement, in item "130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost".

In the event of disposal, the accumulated profits and losses are recorded in the income statement in item "100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost".

Amounts deriving from financial assets carrying amount adjustment, gross of cumulated write-downs, in order to reflect modifications on contractual cash flows that do not give rise to accounting derecognition, are recognised in Income statement in item "140. Gains/Losses from contractual changes with no cancellations"; such line does not include the impact of contractual modifications on the amount of expected loss recognised in item "130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost".

Such item can also include on-balance credit exposures which are already non-performing on initial recognition. These exposures are qualified as "Purchased Originated Credit Impaired - POCI".

The amortised cost and the interest income generated by these assets are calculated by considering, in the estimate of future cash flows, the expected credit losses over the entire residual duration of the asset.

This expected credit loss is subject to periodic review thus determining the recognition of impairment or write-backs.

For further information see the paragraph "2.1 Credit risk" of the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and the paragraph "Section 1 - Credit risk" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies with reference to the Company's financial statements



## Part A - Accounting policies

### 4 - Hedge accounting

Hedging instruments are created to hedge market (interest-rate, currency and price) and/or credit risk to which the hedged positions are exposed. They may be described as follows:

- **fair value hedge:** a hedge of the exposure to changes in fair value of a recognised asset or liability, or an identifiable portion of such an asset or liability;
- **cash flow hedge:** a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction which could affect profit or loss in future periods;
- **hedge of a net investment in a foreign entity,** whose operations are based or conducted in a currency other than euro.

It should be noted that the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

Hedging derivatives are initially recognised on trade date and are valued at their fair value.

A hedging relationship qualifies for hedge accounting if there is formal designation and documentation of the hedging relationship including the risk management objective, the strategy for undertaking the hedge, and how the hedging instrument's prospective and retrospective effectiveness will be assessed. It is necessary to assess the hedge's effectiveness, at inception and in subsequent periods, in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Generally, a hedge is regarded as highly effective if, at the inception of the hedge and in subsequent periods, it is determined prospectively to remain highly effective, and retrospectively verified that the hedge ratio (i.e. the changes in fair value of hedged items and hedging instruments) is within a range of 80-125%. The hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which the hedge has been designated.

The assessment of effectiveness is made at each balance-sheet date or other reporting date.

If the assessment does not confirm the effectiveness of the hedge, from that time on hedge accounting is discontinued in respect of the hedge and the hedging derivative is reclassified as a held-for-trading instrument.

In addition, the hedging relationship ceases when (i) the hedging instrument expires or is sold, terminated or exercised, (ii) the hedged item is sold, expires or is repaid, (iii) it is no longer highly probable that the forecast transaction will occur.

Hedging instruments are so designated when identifiable with an ultimate counterparty outside the Group.

Hedging derivatives are measured at fair value. Specifically:

- **fair value hedging,** an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognised through profit or loss in item "90. Net gains (losses) on hedge accounting"; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised through profit or loss in the same item. Hedging ineffectiveness is represented by the difference between the change in the fair value of hedging instruments and the change in the fair value of hedged item. If the hedging relationship is terminated for reasons other than the sale of the hedged item, the difference between the carrying amount of the hedged item on termination of the hedging and the carrying amount it would have had if the hedge had never existed, is recognised through profit or loss in interest receivable or payable over the residual life of the original hedge, in the case of interest-bearing instruments; if the financial instrument does not bear interest, the difference is recognised in profit or loss under item "90. Net gains (losses) on hedge accounting" at once. If the hedged item is sold or repaid, the portion of fair value which is still unamortised is at once recognised through profit or loss in item "100. Gains (Losses) on disposal and repurchase";
- **cash flow hedging,** hedging instruments are valued at fair value. Change in the fair value of a hedging instrument that is considered effective is recognised in equity item "120. Valuation reserves" (item "110. Valuation reserves" in the Company Financial Statements). The ineffective portion of the gain or loss is recognised through profit or loss in item "90. Net gains (losses) on hedge accounting". If a cash flow hedge is determined to be no longer effective or the hedging relationship is terminated, the cumulative gain or loss on the hedging instrument that remains recognised in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements) from the period when the hedge was effective remains separately recognised in revaluation reserves until the forecast hedged transaction occurs or is determined to be no longer possible; in the latter case gains or losses are transferred through profit or loss to item "80. Net gains (losses) on trading". The fair value changes are recorded in the Statement of other comprehensive income and disclosed in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements);
- **hedging a net investment in a foreign entity,** hedges of a net investment in a foreign entity whose activities are based or conducted in a country or currency other than those of the reporting entity are accounted for similarly to cash flow hedges. The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised directly in equity is recognised through profit or loss on disposal of the foreign entity. The fair value changes are recorded in the Statement of comprehensive income and disclosed in item "120. Valuation reserves (item "110. Valuation reserves" in the Company Financial Statements)"; the ineffective portion of the gain or loss is recognised through profit or loss in item "90. Net gains (losses) on hedge accounting";

## Part A - Accounting policies

• **macro-hedges of financial assets (liabilities)** - IAS39 allows a fair-value item hedged against interest rate fluctuations to be not only a single asset or liability but also a monetary position contained in a number of financial assets or liabilities (or parts of them); accordingly, a group of derivatives can be used to offset fair-value fluctuations in hedged items due to changes in market rates. Macro-hedging may not be used for net positions resulting from the offsetting of assets and liabilities. As for fair value micro-hedging, macrohedging is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are offset by changes in fair value of the hedging instrument and if the hedge ratio is retrospectively assessed falling within the range of 80-125%. Net changes, gains or losses, in the fair value of the macro-hedged assets and liabilities attributable to the hedged risk are recognised in asset item "60. Changes in fair value of portfolio hedged items (+/-)" or liability item "50. Value adjustment of hedged financial liabilities (+/-)", respectively and offset the profit and loss item "90. Net gains (losses) on hedge accounting".

The ineffectiveness of the hedging arises to the extent that the change in the fair value of the hedging item differs from the change in the fair value of the hedged monetary position. The extent of hedge ineffectiveness is in any case recognised in profit and loss item "90. Net gains (losses) on hedge accounting".

If the hedging relationship is terminated, for reasons other than the sale of the hedged items, cumulative gain or loss in items "60. Changes in fair value of portfolio hedged items (+/-)" or liability item "50. Value adjustment of hedged financial liabilities (+/-)" is recognised through profit or loss in items "10. Interest income and similar revenues" or "20. Interest expenses and similar charges", along the residual life of the hedged financial assets or liabilities.

If the latter are sold or repaid, unamortised fair value is at once recognised through profit and loss in item "100. Gains (Losses) on disposal and repurchase".

### 5 - Equity investments

The principles governing the recognition and measurement of equity investments under IFRS10 Consolidated financial statements, IAS27 Company financial statements, IAS28 Investments in associates and joint ventures and IFRS11 Joint Arrangements are provided in detail in the paragraph "Section 3 - Consolidation scope and methods" of the Notes to the consolidated accounts Part A - Accounting policies, A.1 - General, where disclosure on the evaluation processes and key assumptions used to assess the existence of control, joint control or significant influence in accordance with IFRS12 (paragraphs 7-9) is provided.

The remaining interests other than subsidiaries, associates and joint ventures, and interests recognised in items "120. Non-current assets and disposal groups classified as held for sale" and "70. Liabilities associated with assets classified as held for sale" are classified as financial assets at fair value through other comprehensive income or other financial assets mandatorily at fair value and accordingly accounted.

### 6 - Property, plant and equipment (Tangible assets)

The item includes:

- land;
- buildings;
- furniture and fixtures;
- plant and machinery;
- other machinery and equipment;

and is divided between:

- assets used in the business;
- assets held as investments;
- inventories in the scope of IAS2 standard.

This item also includes tangible assets arising from collection of collaterals.

#### Assets used in the business and Assets held as investments

Assets used in the business are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used for more than one period. This category also conventionally includes assets to be let or under construction and to be leased under a finance lease, only for those finance leases which provide for retention of risk by the lessor until the acceptance of the asset by the lessee and the start of rentals under the finance lease.

The item "Property, plant and equipment" includes assets used by the Group as lessee under a lease contract (right of use) or let/hired out by the Group as lessor under an operating lease.

## Part A - Accounting policies

Property, plant and equipment also include leasehold improvements relating to assets which can be separately identified. They are classified according to the specific sub-items relating to the asset type (e.g., plants).

Leasehold improvements are usually borne in order to make leased premises fit for the expected use.

Improvements and additional expenses relating to property, plant and equipment identifiable but not separable are recognised in item "130. Other assets" (item "120. Other assets" in the Company financial statements).

Assets held for investment purposes are properties covered by IAS40, i.e., properties held (owned or under a lease contract) in order to derive rentals and/or a capital gain.

Property, plant and equipment are initially recognised at cost including all costs directly attributable to bringing the asset into use (transaction costs, professional fees, direct transport costs incurred in bringing the asset to the desired location, installation costs and dismantling costs).

Subsequent costs are added to the carrying amount or recognised as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be reliably measured. Other expenses borne at a later time (e.g., normal maintenance costs) are recognised in the year they are incurred in profit and loss items:

- "190. Administrative expenses: b) other administrative expenses" (item "160. Administrative expenses: b) other administrative expenses of the Company financial statements, if they refer to assets used in the business; or
- "230. Other operating expenses/income" (item "200. Other operating expenses/income" of the Company financial statements) if they refer to property held for investment.

After being recognised as an asset:

- buildings and lands used in the business are measured according to revaluation model;
- tangible assets used in the business, different from lands and buildings, are measured according to cost model;
- buildings and lands held as investments are measured according to fair value model.

Revaluation model requires tangible assets to be exposed in Balance sheet at a value not significantly different from fair value. In this respect, UniCredit group requests such assets to be revalued on a half year basis through "desktop" or "on site" appraisals, based on the asset relevance, performed by external appraisers.

Positive changes in fair value are booked in Other comprehensive income statement, item "50. Property, plant and equipment" and, cumulated, in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements), unless they offset previous negative changes accounted for in income statement in item "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" (item "230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" in the Company financial statements). Negative changes in fair value are booked in income statement in item "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" (item "230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" in the Company financial statements), unless they offset previous positive changes accounted for in Other comprehensive income statement, item "50. Property, plant and equipment" and, cumulated, in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements).

When the tangible asset is revalued at its fair value it is required to adjust both gross carrying amount and cumulated depreciation on the basis of the net carrying amount revaluation.

Cost model requires the gross carrying amount to be depreciated across its useful life.

Both tangible assets measured according to revaluation model and cost model are subject to straight-line depreciation over their useful life to the extent they have a finite useful life.

Residual useful life is usually assessed, for the Group and UniCredit S.p.A. as follows:

TPOLOGY	GROUP	UniCredit S.p.A.
Buildings	up to 50 years	up to 33 years
Furniture and fixtures	up to 25 years	up to 7 years
Electronic equipment	up to 15 years	up to 12 years
Other	up to 10 years	up to 7 years
Leasehold improvements	up to 25 years	up to 15 years

Depreciations are accounted for, period by period, in item "210. Net value adjustments/write-backs on property, plant and equipment" (item "180. Net value adjustments/write-backs on property, plant and equipment" in the Company financial statements).

An item with an indefinite useful life is not depreciated.

## Part A - Accounting policies

Lands and buildings are recognised separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life. Buildings have instead a finite useful life and are therefore subject to depreciation.

The estimate of the useful life of an asset is reviewed at least at each accounting period-end on the basis inter alia of the conditions of use of the asset, of maintenance conditions and expected obsolescence and, if expectations differ from previous estimates, the depreciation amount for the current and subsequent financial years is adjusted accordingly.

If there is clear evidence that an asset measured according to cost model has been impaired the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e., the present value of future cash flow expected to originate from the asset. Any value adjustment is recognised in profit and loss item "210. Net value adjustments/write-backs on property, plant and equipment" (item "180. Net value adjustments/write-backs on property, plant and equipment" in the Company financial statements).

If the value of a previously impaired asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no losses recognised on the prior-year impairment.

Buildings and land held as investments, including right of use on land and buildings classified as held for investment, are measured according to fair value model which requires to account for in income statement in item "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" (item "230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" in the Company financial statements), changes in fair value. Such assets are not subject to depreciation and impairment test.

An item of property, plant and equipment is derecognised (i) on disposal or (ii) when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognised in profit and loss item "280. Gains (losses) on disposals on investments", "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" or "210. Net value adjustments/write-backs on property, plant and equipment" (item "250. Gains (Losses) on disposals on investments", 230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value, or 180. Net value adjustments/write-backs on property, plant and equipment" in the Company financial statements). For tangible assets measured according to revalued amount, any gain from disposal, including amounts cumulated in item "120. Valuation reserves", (item "110. Valuation reserves" in the Company financial statements) is reclassified to item "150 Reserves" (item "140. Reserves in the Company financial statements) with no impact in income statement.

### Inventories in the scope of IAS2 standard

Inventories are assets held for sale in the ordinary course of business. They are accounted for at the lower of their carrying amounts and net realizable value.

Any value adjustment arising from the application of the aforementioned criterion is recognised under item "210. Net value adjustments/write-backs on property, plant and equipment" (item "180. Net value adjustments/write-backs on property, plant and equipment" in the Company financial statements).

## 7 - Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance which is expected to be used for more than one period, controlled by the Group and from which future economic benefits are probable.

Intangible assets are principally goodwill, software, brands and patents.

Intangible assets other than goodwill are recognised at purchase cost, i.e., including cost incurred to bring the asset into use, less accumulated amortisation and impairment losses.

Costs sustained after purchase are:

- added to initial cost, provided they increase future economic benefits arising from the underlying asset (i.e., if they increase its value or productive capacity);
- in other cases (i.e., when they do not increase the asset's original value, but are intended merely to preserve its original functionality) are taken to profit or loss in a single amount in the year in which they have been borne.

In case of internally generated software the expenses incurred to develop the project are recognised under intangible assets only if the following elements are demonstrated: the technical feasibility of the project, the intention to complete the intangible asset, its future usefulness, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed as follows:

- software up to 7 years;
- other intangible assets up to 20 years.



## Part A - Accounting policies

Intangible assets with an indefinite life are not amortised.

If there is clear evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling costs and its value in use, i.e. the present value of future cash flows expected to originate from the asset. Any impairment loss is recognised in profit and loss item "220. Net value adjustments/write-backs on intangible assets".

For an intangible asset with indefinite life even if there are no indications of impairment, the carrying amount is compared annually with its recoverable value. If the carrying amount is greater than the recoverable value, the difference is recognised in profit and loss item "220. Net value adjustments/write-backs on intangible assets".

If the value of a previously impaired intangible asset, other than goodwill is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there were no losses recognised on the prior-years impairment.

An intangible asset is derecognised (i) on disposal or (ii) when no further future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognised in the profit and loss item "280. Gains (Losses) on disposals on investments" or "220. Net value adjustments/write-backs on intangible assets", respectively.

### Goodwill

In accordance with IFRS3 goodwill is the excess of the cost of a business combination over the interest acquired in the net fair value of the assets and liabilities acquired at the acquisition date.

Goodwill arising from the acquisitions of subsidiaries is recognised as an intangible asset, whereas goodwill arising from the acquisition of associates is included in the carrying amount of the investments in associates.

At a subsequent financial reporting date, goodwill is recognised net of any cumulative impairment losses and is not amortised.

Goodwill is tested for impairment annually, as for other intangible assets with an indefinite useful life. To this end it is allocated to the Group's business areas identified as the Cash Generating Units (CGUs). Goodwill is monitored by the CGUs at the lowest level in the Group in line with its business model.

Impairment losses on goodwill are recognised in profit and loss item "270. Goodwill impairment". In respect of goodwill, no write-backs are allowed.

Note that no Goodwill is recognised in the financial statement of the Group at the date of reporting.

## 8 - Non-current assets and disposal groups classified as held for sale

These categories include individual assets held for disposal (tangible, intangible and financial assets) or groups of assets held for sale, with the related liabilities, as required by IFRS5.

Individual assets (or groups of assets held for sale) are recognised in item "120. Non-current assets and disposal groups classified as held for sale" and item "70. Liabilities associated with assets classified as held for sale" (item "110. Non-current assets and disposal groups classified as held for sale" and "70. Liabilities associated with assets classified as held for sale" in the Company financial statements) respectively, at the lower of their carrying amounts and fair values less costs to sell.

The revaluation reserves relating to non-current assets classified as held for sale, which are recorded as a contra item to changes in value relevant for this purpose, are reported separately in the Statement of other comprehensive income (see "Part D - Consolidated other comprehensive income" of the Consolidated financial statements of UniCredit group).

The net balance of profits (dividends, interest income, etc.) and losses (interest expense, etc.) attributable to discontinued operations are recognised in the income statement under item "320. Profit (Loss) after tax from discontinued operations" (item "290. Profit (Loss) after tax from discontinued operations" in the Company financial statements). Profits and losses attributable to individual assets or disposal groups, that do not constitute discontinued operations, held for disposal are recognised in the income statement under the appropriate item.

## Part A - Accounting policies

### 9 - Current and deferred tax

Tax assets and tax liabilities are recognised in the Consolidated balance sheet respectively in item “110. Tax assets” and item “60. Tax liabilities” (item “100. Tax assets” and “60. Tax liabilities” in the Company financial statements).

In compliance with the “balance sheet method”, current and deferred tax items are:

- current tax assets, i.e. amount of tax paid in excess of income tax due in accordance with local tax regulations;
- current tax liabilities, i.e. amount of corporate tax due in accordance with local tax regulations;
- deferred tax assets, i.e. amounts of income tax recoverable in future fiscal years and attributable to:
  - deductible temporary differences;
  - the carryforward of unused tax losses; and
  - the carryforward of unused tax credits;
- deferred tax liabilities, i.e. the amounts of income tax due in future fiscal years in respect of taxable temporary differences.

Current and deferred tax assets and tax liabilities are calculated in accordance with local tax regulations and are recognised in profit or loss on an accrual basis.

In general, deferred tax assets and liabilities arise when there is a difference between the accounting treatment and the tax treatment of the carrying amount of an asset or liability.

Deferred tax assets and liabilities are recognised applying tax rates that at the balance sheet date are expected to apply in the period when the carrying amount of the asset will be recovered or the liability will be settled on the basis of tax regulations in force, and are periodically reviewed in order to reflect any changes in regulations.

In addition, under the tax consolidation system adopted, deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be generated by the entity. In accordance with the provisions of IAS12, the probability that sufficient future taxable profit against which the deferred tax assets can be utilised will be available is reviewed periodically. The carrying amount of deferred tax assets should be reduced to the extent that it is not probable that sufficient taxable profit will be available.

Current and deferred taxes are recognised in profit and loss item “300. Tax expense (income) for the period from continuing operations” (item “270. Tax expenses (income) for the year from continuing operations” in the Company financial statements), except for tax referred to items that in the same or in another fiscal year are credited or charged directly to equity, such as those relating to gains or losses on financial assets at fair value through other comprehensive income and those relating to changes in the fair value of cash flow hedging instruments, whose changes in value are recognised, net of tax, directly in the Statement of other comprehensive income among Revaluation reserves.

Current tax assets and liabilities are presented on the Balance sheet net of the related current tax liabilities if the following requirements are met:

- existence of a legally enforceable right to offset the amounts recognised; and
- the intention to extinguish for the remaining net, or realise the asset and at the same time extinguish the liability.

Deferred tax assets are presented on the Balance sheet net of the related deferred tax liabilities if the following requirements are met:

- existence of an enforceable right to offset current tax assets with current tax liabilities; and
- the deferred tax assets and liabilities must relate to income taxes applied to the same tax authority on the same taxable entity or on different taxable entities that intend to settle the current tax liabilities and assets on a net basis (normally in presence of a tax consolidation contract).

### 10 - Provisions for risks and charges

#### Commitments and guarantees given

Provisions for risks and charges for commitments and guarantees given are recognised against all revocable and irrevocable commitments and guarantees whether they are in scope of IFRS9 or IAS37.

The item hosts the estimates of expected loss calculated on these instruments resulting from valuation process as described in Section 16 - Other Information - Impairment.

The provision of the period is accounted under item “200. Net provisions for risks and charges: a) commitments and financial guarantees given” (item “170. Net provisions for risks and charges a) commitments and financial guarantees given” in the Company financial statements).

## Part A - Accounting policies

Note that all contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument are considered financial guarantees.

### Retirement payments and similar obligations

Retirement provisions, i.e. provisions for employee benefits payable after the completion of employment, are defined as contribution plans or defined-benefit plans according to the nature of the plan.

In detail:

- Defined-benefit plans provide a series of benefits depending on factors such as age, years of service and compensation policies. Under this type of plan actuarial and investment risks are borne by the company;
- Defined-contribution plans are plans under which the company makes fixed contributions. Benefits are the result of the amount of contributions paid and return on contributions invested. The employer bears no actuarial and/or investment risks connected with this type of plans as it has no legal or implicit obligation to make further contributions, should the plan not be sufficient to provide benefits to all employees.

Defined-benefit plans are present-valued by an external actuary using the "Unit Credit Projection method".

This method distributes the cost of benefits uniformly over the employee's working life. Obligations are the present value of average future benefits pro rata to the ratio of years of service to theoretical seniority at the time of benefit payment.

More specifically, the amount recognised according to IAS19 Revised as a net liability/asset in item "100. Provisions for risks and charges: b) post-retirement benefit obligations" is the present value of the obligation at the balance sheet date, less any pension charges relating to benefits already provided but not yet recognised, less the fair value at the balance sheet date of plan assets other than those due to directly settle the obligations adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. Actuarial gains or losses are recorded in the Statement of other comprehensive income and disclosed in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements).

The discount rate used to discount obligations (whether financed or not) relating to benefits to be provided after retirement varies according to the currency of denomination and country where the liabilities are allocated and is determined on the basis of market yield at the balance sheet date of prime issuers' bonds (High Quality Corporate Bonds - "HQCB") with an average life in keeping with that of the relevant liability.

### Other provisions

Provisions for risks and charges are recognised when:

- the entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.

In particular, where the effect of the time value of money is significant, the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments.

Provisions are reviewed periodically and adjusted to reflect the current best estimate. If it becomes clear that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are used only for expenses for which they were originally recognised. Allocations made in the year are recognised in profit and loss item "200. Net provisions for risks and charges: b) other net provisions" (item "170. Net provisions for risks and charges: b) other net provisions" in the Company financial statements) and include increases due to the passage of time; they are also net of any reversals.

"Other provisions" also include obligations relating to benefits due to agents, specifically supplementary customer portfolio payments, merit payments, contractual payments and payments under non-competition agreements, which are measured as per defined benefit plans; accordingly these obligations are calculated using the "Unit Credit Projection method" (see previous paragraph "Retirement payments and similar obligations").

## Part A - Accounting policies

### 11 - Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost comprise financial instruments (other than liabilities held for trading or those designated at fair value) representing the various forms of third-party funding.

These financial liabilities are recognised at settlement date initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method. Such interest is recognised in item "20. Interest expenses and similar charges" if negative or in item "10. Interest income and similar revenues" if positive.

Instruments indexed to equity instruments, foreign exchange, credit instruments or indexes, are treated as structured instruments. The embedded derivative is separated from the host contract and recognised as a derivative, provided that separation requirements are met, and recognised at fair value. The embedded derivative is recognised at its fair value, classified as financial assets or liabilities held for trading and subsequently measured at fair value through profit or loss with changes in fair value recognised in income statement in item "80. Net gains (losses) on trading". The difference between the total amount received and the initial fair value of the embedded derivative is attributed to the host contract.

Instruments convertible into treasury shares imply recognition, at the issuance date, of a financial liability and of the equity part to be recognised in item "140. Equity instruments" (item "130. Equity instruments" in the Company financial statements), if a physical delivery settles the contract. The equity part is initially measured at the residual value, i.e. the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flows.

The resulting financial liability is recognised at amortised cost using the effective interest method.

Financial liabilities are derecognised in case of redemption, prepayment, significant amendments to contractual conditions that determine a change in their present value which exceeds the threshold defined by the accounting standard or in case of re-purchase. When derecognition arises from significant amendments or re-purchase, the difference between the carrying amount of the liability and the amount arising from the amendments or paid for the repurchase is recognised in profit or loss in item "100. Gains (Losses) on disposal and repurchase of: c) financial liabilities". Subsequent disposal by the issuer is considered as a new issue which doesn't produce gains or losses.

### 12 - Financial liabilities held for trading

Financial liabilities held for trading include:

- derivatives that are not designated as hedging instruments;
- obligations to deliver financial assets borrowed by a short seller (i.e., an entity that sells financial assets it does not yet own);
- financial liabilities issued with an intention to repurchase them in the short term;
- financial liabilities that are part of a portfolio of financial instruments considered as a unit and for which there is evidence of a recent pattern of trading.

Financial liabilities held for trading, including derivatives, are measured at fair value on initial recognition and during the life of the transaction.

A gain or loss arising from change in the fair value of a HFT financial liability is recognised in profit or loss in item "80. Net gains (losses) on trading". Financial liabilities are derecognised in case of redemption, prepayment, significant amendments to contractual conditions that determine a change in their present value which exceeds the threshold defined by the accounting standard or in case of re-purchase. When derecognition arises from significant amendments or re-purchase, the difference between the carrying amount of the liability and the amount arising from the amendments or paid for the repurchase is recognised in profit or loss in item "80. Net gains (losses) on trading", the subsequent disposal by the issuer is considered as a new issue which doesn't produce gains or losses.

### 13 - Financial liabilities designated at fair value

Financial liabilities, like financial assets may also be designated, according to IFRS9, on initial recognition as measured at fair value, provided that:

- this designation eliminates or considerably reduces an accounting or measurement inconsistency that would arise from the application of different methods of measurement to assets and liabilities and related gains or losses; or
- a group of financial assets, financial liabilities or both are managed and measured at fair value under risk management or investment strategy which is internally documented with the entity's key management personnel.

This category may also include financial liabilities represented by hybrid (combined) instruments containing embedded derivatives that otherwise should have been separated from the host contract.

Financial liabilities presented in this category are measured at fair value at initial recognition and for the life of the transaction.



## Part A - Accounting policies

The changes in fair value are recognised in the income statement in item "110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss a) financial assets/liabilities designated at fair value" except for any changes in fair value arising from changes in their creditworthiness, which are shown under item "120. Valuation reserves" of shareholders' equity (item "110. Valuation reserves" in the Company Financial Statements) unless such accounting results in an inconsistency that arises from the application of different methods of measuring assets and liabilities and related gains or losses, in which case also the changes in fair value deriving from changes in creditworthiness are recorded in the income statement. Financial liabilities are derecognised in case of redemption, prepayment, significant amendments to contractual conditions that determine a change in their present value which exceeds the threshold defined by the accounting standard or in case of re-purchase. When derecognition arises from significant amendments or re-purchase, the difference between the carrying amount of the liability and the amount arising from the amendments or paid for the repurchase is recognised in profit or loss in item "110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss a) financial assets/liabilities designated at fair value" while the balance of cumulated changes in fair value due to own credit risk booked in item "120. Valuation reserves" is reclassified in item "150. Reserves" (item "110. Valuation reserves" and item "140. Reserves" in the Company financial statements), the subsequent disposal by the issuer is considered as a new issue which doesn't produce gains or losses.

### 14 - Foreign currency transactions

A foreign currency transaction is recognised at the spot exchange rate of the transaction date.

Foreign currency monetary assets and liabilities are translated at the closing rate of the period.

Exchange differences arising from settlement of monetary items at rates different from those of the transaction date and unrealised exchange rate differences on foreign currency assets and liabilities not yet settled, other than assets and liabilities designated as measured at fair value and hedging instruments, are recognised in profit and loss item "80. Net gains (losses) on trading".

Exchange rate differences arising on a monetary item that is part of an entity's net investment in a foreign operation whose activities are based or conducted in a country or currency other than those of the reporting entity are initially recognised in the entity's equity, and recognised in profit or loss on disposal of the net investment.

Non-monetary assets and liabilities recognised at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate. In this case the exchange differences are recognised:

- in profit and loss if the financial asset is classified in a portfolio measured at fair value through profit or loss; or
- in the Statement of other comprehensive income, and disclosed in the Revaluation reserves, if the financial asset is classified in "Financial assets at fair value through other comprehensive income".

Hedges of a net investment in a foreign operation are recognised similarly to cash flow hedges.

For the purposes of the Consolidated Financial Statements only the assets and liabilities of fully consolidated foreign entities are translated at the closing exchange rate of each period. Gains and losses are translated at the average exchange rate for the period. Differences arising from the use of closing exchange rates and from the average exchange rates and from the remeasurement of the initial net amount of the assets of a foreign company at the closing rate are classified directly in item "120. Valuation reserves".

Any goodwill arising on the acquisition of a foreign operation realised after IAS First Time Adoption (i.e., 1 January 2004) whose assets are located or managed in a currency other than the euro, and any fair value adjustments of the carrying amounts of assets and liabilities are treated as assets and liabilities of the foreign operation, expressed in the functional currency of the foreign operation and translated at the closing rate.

On the disposal of a foreign operation, the cumulative amount of the exchange rate differences, classified in an equity reserve, is reclassified in profit or loss.

All exchange differences recorded under revaluation reserves in Shareholders' equity are also reported in the Statement of other comprehensive income.

### 15 - Insurance assets and liabilities

Note that the Group does not conduct such business.

## Part A - Accounting policies

### 16 - Other information

#### Impairment

Loans and debt securities classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and relevant off-balance sheet exposures are tested for impairment as required by IFRS9.

In this regard, these instruments are classified in Stage 1, Stage 2 or Stage 3 according to their absolute or relative credit quality with respect to initial disbursement. Specifically:

- Stage 1: includes (i) newly issued or acquired credit exposures, (ii) exposures for which credit risk has not significantly deteriorated since initial recognition, (iii) exposures having low credit risk (low credit risk exemption);
- Stage 2: includes credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition;
- Stage 3: includes impaired credit exposures.

For exposures in Stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year.

For exposures in Stages 2 or 3, impairment is equal to the expected loss calculated over a time horizon corresponding to the entire life of the exposure.

The allocation of credit exposures in one of the abovementioned stages is done at initial recognition, when the exposures is classified at Stage 1 and it is periodically reviewed based on "stage allocation" rules as specified in the paragraph "2.1 Credit risk" of the Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and the paragraph "Section 1 - Credit risk" of the Notes to the accounts Part E - Information on risks and hedging policies with reference to the Company's financial statements

In order to calculate the expected loss and the related loan loss provision, the Group uses Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") parameters, used for regulatory purposes and adjusted in order to ensure that impairment measurement represents values which are "point in time", "forward looking" and inclusive of multiple scenarios. For additional information see the paragraph "2.1 Credit risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and the paragraph "Section 1 - Credit risk" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies with reference to the Company's financial statements.

With reference to Stage 3, it should be noted that it includes impaired exposures corresponding to the aggregate Non-Performing Exposures as ITS EBA (EBA/ITS/2013/03/rev1 7/24/2014), in accordance with Banca d'Italia rules, defined in Circular No.272 of 30 July 2008 and subsequent updates<sup>28</sup>.

In particular EBA has defined as "Non-Performing" the exposures that meet one or both of the following criteria:

- material exposures with more than 90 days past due;
- exposures for which the Group values that is unlikely that the debtor would pay in full his credit obligations without recurring to enforcement and realisation of collaterals, regardless of past due exposures and the number of days the exposure is past due.

In addition, the abovementioned Circular No.272 establishes that the aggregate of impaired assets is divided into the following categories:

- Bad loans: cash and off-balance exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation. The assessment is generally carried out on an analytical basis (also through the comparison with coverage levels statistically defined for credit portfolios below a predefined threshold) or, in case of non-significant individually amounts, on a flat-rate basis for homogeneous types of exposures;
- Unlikely to pay: cash and off-balance exposures for which conditions for evaluating the debt as bad loan are not met and for which it is unlikely that without recurring to enforcement of collaterals the debtor is able to pay in full (capital and/or interests) his credit obligations. Such assessment is made independently of any past due and unpaid amount/instalments. The classification among unlikely to pay is not necessarily linked to anomalies (non-repayment), rather it is linked to factors that indicate a situation of risk of default of the debtor. Unlikely to pay are generally accounted analytically (also through the comparison with coverage levels statistically defined for credit portfolios below a predefined threshold) or on a flat-rate basis for homogeneous types of exposures.

<sup>28</sup> The regulatory framework for the new definition of default has been integrated with the entry into force, starting from 01 January 2021 of the "Guidelines on the application of the definition of default under article 178 of (EU) Regulation 575/2013" (EBA/GL/2016/07).

## Part A - Accounting policies

The exposures classified among unlikely to pay and qualified as so-called forbore can be reclassified among non-impaired receivables only after at least one year has elapsed from the time of granting and the conditions indicated in paragraph 157 of EBA Implementing Technical Standards.

With reference to their evaluation:

- they are generally analytically evaluated and may include the discounted charge deriving from the possible renegotiation of the rate at conditions below the original contractual rate;
- the renegotiations of loans that require their derecognition in exchange of shares through "debt-to-equity swap" transactions requires the assessment, before executing the swap, of the credit exposures in accordance with stipulated agreements at the date of preparation of the financial statements. Any differences between the value of receivables and the value at initial recognition of equity instruments is accounted in income statement in the impairment losses;
- Past due exposures: cash exposures different from those classified as non-performing loans and unlikely to pay that at the reporting date are past due. Past due exposures can be determined referring alternatively to individual debtor or individual transaction. In particular they represent an entire exposure to counterparties different from those classified as unlikely to pay and bad loans that at the reporting date show past due receivables from more than 90 days as well as requirements established by local prudential regulation for the inclusion of these credits into "past due" (standardised banks) or "default exposures" (IRB banks).

Past due exposures are evaluated on a on a flat-rate basis on historical/statistical basis, applying, if available, the riskiness identified by the risk factor used for the purposes of EU Regulation No.575/2013 (CRR) relating to prudential requirements for credit institutions and investment firms (LGD - Loss Given Default).

Allowances for impairment of loans and receivables are based on the present value of expected cash flows of principal and interest. In determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the discount rate used.

In particular, the amount of the loss on impaired exposures classified as bad loans and unlikely to pay, according to the categories specified above, is the difference between the carrying amount and the present value of estimated cash flows discounted at the original interest rate of the financial asset.

For all fixed rate positions, the interest rate thus determined is kept constant in subsequent financial years, while for floating rate positions the interest rate is updated according to contractual terms.

If the original interest rate cannot be found, or if finding it would be excessively burdensome, the rate that best approximates is applied, also recurring to "practical expedients" that do not alter the substance and ensure consistency with the international accounting standards.

Recovery times are estimated on the basis of business plans or forecasts based on historical recovery experience observed for similar classes of loans, taking into account the customer segment, the type of loan, the type of security and any other factors considered relevant.

Also the impairment on impaired exposures was calculated as required by the accounting standard to include (i) the adjustments necessary to reach the calculation of a point-in-time and forward-looking loss and (ii) multiple scenarios applicable to this type of exposure including any sale scenarios in case the Group's NPL strategy foresees the recovery through sale on the market according to what is specified in the paragraph "2.1 Credit risk" of the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and the paragraph "Section 1 - Credit risk" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies with reference to the Company's financial statements

If there are no reasonable expectations to recover a financial asset in its entirety or a portion thereof, the gross exposure is subject to write-off.

Write-off, that may involve either a full or a part of a financial asset, might be accounted for before that the legal actions, activated to recover the credit exposure, are closed and doesn't imply the forfeiture of the legal right to recover. In this context the Group has developed a specific guideline that assess the need to recognise a write-off. For further information see the paragraph "2.1 Credit risk" of the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial statements and the paragraph "Section 1 - Credit risk" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies with reference to the Company's financial statements

### Renegotiations

Renegotiations of financial instruments which cause a change in contractual conditions are accounted for depending on the significance of the contractual change itself.

In particular, when renegotiations are not considered significant the gross exposure is re-determined through the calculation of the present value of cash flows following the renegotiation at the original effective interest rate.

The difference between the gross exposure before and after renegotiation, adjusted to consider changes in the related loan loss provision, is recognised in income statement as modification gain or loss.

## Part A - Accounting policies

In this regard, renegotiations achieved both by amending the original contract or by closing a new one, are considered significant when they determine the expiry of the right to receive cash flows accordingly to the original contract.

In particular, the rights to receive cash flows are considered as expired in case of renegotiations that introduce contractual clauses which determine a change in the financial instrument classification, which determine a change in the currency or which are carried out at market conditions therefore without causing credit concession.

### Business combinations

A business combination is a transaction through which an entity obtains control of a company or of a business segment, thus bringing together different businesses into one reporting entity.

A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree is a subsidiary of the acquirer. A business combination may involve the purchase of the net assets of another entity, in which case goodwill can arise, or the purchase of the equity of the other entity (mergers).

IFRS3 requires that all business combinations shall be accounted for by applying the purchase method, that involves the following steps:

- identifying an acquirer;
- measuring the cost of the business combination, and;
- allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for control of the acquiree.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. When this is achieved through a single exchange transaction, the date of exchange coincides with the acquisition date.

A business combination may involve more than one exchange transaction; nevertheless, the cost of the business combination remains equal to the fair value of the total shareholding acquired.

This involves the revaluation at fair value, with the recognition of the effects in the income statement - of the equity investments previously held in the acquired entity.

The cost of a business combination is allocated by recognising the assets, the liabilities and the identifiable contingent liabilities of the acquired company at their acquisition-date fair value.

Exceptions to this principle are deferred income tax assets and liabilities, employee benefits, indemnification assets, reacquired rights, non-current assets held for sale, and share-based payment transactions that are subject to review in accordance with the principle applicable to them.

Positive difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised is accounted for as goodwill.

After initial recognition, goodwill is tested for impairment at least annually.

In the case of the Consolidated Financial Statements if the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall reassess the fair values and recognise immediately any excess remaining after that reassessment in profit or loss.

If the acquisition concerns a percentage less than 100% of the assets of the acquired company, minorities are recognised.

At the acquisition date, minorities are valued:

- at fair value, or
- as a proportion of minority interests in the assets, liabilities and identifiable contingent liabilities of the acquired company.

### Derecognition of financial assets

Derecognition is the removal of a previously recognised financial asset from an entity's balance sheet.

Before evaluating whether, and to what extent, derecognition is appropriate, under IFRS9 an entity should determine whether the relevant conditions apply to a financial asset in its entirety or to a part of a financial asset. The standard is applied to a part of financial assets being transferred if, and only if, the part being considered for derecognition meets one of the following conditions:

- the part comprises only specifically identified cash flows from a financial asset, or a group of assets, (e.g., interest cash flows from an asset);
- the part comprises a clearly identified percentage of the cash flows from a financial asset, (e.g., a 90% share of all cash flows from an asset);
- the part comprises only a fully proportionate (pro rata) share of specifically identified cash flow, (e.g., 90% share of interest cash flows from an asset).



## Part A - Accounting policies

In all other cases, the standard is applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety). An entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows of the financial asset to a non-Group counterparty.

Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):

- there is no obligation on the Group to pay amounts not received from the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- the Group is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

Derecognition is also subject to verification of effective transfer of all the risks and rewards of ownership of the financial asset. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the asset (or group of assets) and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Conversely, if the entity substantially retains all the risks and rewards of ownership of the asset (or group of assets), the entity shall continue to recognise the transferred asset(s). In this case it is necessary to recognise a liability corresponding to the amount received under the transfer and subsequently recognise all income accruing on the asset and expense accruing on the liability.

The main transactions that do not allow, under the above rules, total derecognition of a financial asset are securitisations, repurchase (sell and buy-backs) and securities lending transactions.

In the case of securitisations the Group does not derecognise the financial asset on purchase of the equity tranche or provision of other types of support of the structure which result in the Group retaining the credit risk of the securitised portfolio.

In the case of repurchase transactions and stock lending, the assets transacted are not derecognised since the terms of the transaction entail the retention of all their risks and rewards.

Finally, it should be noted that securities lending transactions collateralised by other securities or not collateralised were recorded as off-balance sheet items.

### Repo transactions and securities lending

Securities received in a transaction that entails a contractual obligation to sell them at a later date or delivered under a contractual obligation to repurchase are neither recognised nor derecognised. In respect of securities purchased under an agreement to resell, the consideration is recognised as a loan to customers or banks among financial assets at amortised cost, or as an asset held for trading. In respect of securities held in a repurchase agreement, the liability is recognised as due to banks or customers among financial liabilities at amortised cost, or as an held for trading financial liability. Revenue from these loans, being the coupons accrued on the securities and the difference between the sale/purchase and resale/repurchase prices, is recognised in profit or loss through interest income and expenses on an accrual basis.

These transactions can only be offset if, and only if, they are carried out with the same counterparty and provided that such offset is provided for in the underlying contracts.

The same rules apply to securities lending transactions collateralised by cash fully available to the lender.

The income statement items connected with these transactions are booked respectively:

- in item Interest, with respect to the positive item (borrower) and the negative item (lender) relating to the return on cash paid to the lender;
- in item Fees and commissions, with respect to the negative item (borrower) and the positive item (lender) relating to the service provided by the lender by making the security available.

With reference to securities lending transactions collateralised by other securities, or not collateralised, the security lent or the security put up as collateral are still recognised as assets in the balance sheet, depending on the role, lender or borrower, respectively, played in the transaction.

Counterparty risk relating to the latter securities lending or borrowing transactions is shown under the off-balance sheet exposures in the tables reported in the paragraph "A. Credit quality", of the Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information.

### Equity instruments

Equity instruments are instruments that represent a residual interest in Group's assets net of its liabilities.

Classification of an issued instrument as equity is possible only if there are no contractual obligation to make payments in form of capital redemptions, interest or other kinds of returns.

## Part A - Accounting policies

In particular, instruments having the following features are classified as equity instruments:

- the instrument is perpetual or has a maturity equal to duration of the entity;
- full discretion of the issuer in coupon payments and redemptions, also advanced, of the principal outstanding.

Additional Tier 1 instruments are included in this category, in line with the provisions of Regulation (EU) No.575/2013 (CRR) on prudential requirements for credit institutions and investment firms, if, additionally to the characteristics described above:

- maintain within the full discretion of the issuer the possibility to perform a write-up of the nominal value after the occurrence of a capital event that has determined a write-down;
- do not incorporate outlook that force the issuer to provide for payments (must-pay clauses) following genuine events under the direct control of the parties.

Equity instruments, different from common or saving shares, are presented in item "140. Equity instruments" (item "130. Equity instruments" in the Company financial statements) for the consideration received including transaction costs directly attributable to the instruments.

Any coupon paid, net of related taxes, reduces item "150. Reserves" (item "140. Reserves" in the Company financial statements).

Any difference between the amounts paid for the redemption or repurchase of these instruments and their carrying value is recognised in item "150. Reserves" (item "140. Reserves" in the Company financial statements).

### Treasury Shares

Changes in treasury shares are reported as a direct contra item to shareholders' equity, i.e. as a reduction to the latter in the amount of any purchases, and as an increase in the amount of any sales proceeds. This entails that, if treasury shares are subsequently sold, the difference between the sale price and the related post-tax repurchase cost is recognised entirely as a contra item to Shareholders' equity.

### Leases

Lease contracts shall be classified by the lessor in finance leases or operating leases.

Finance leases effectively transfer all the risks and benefits of ownership of an asset to the lessee.

The lessee acquires the economic benefit of the use of the leased asset for most of its useful life, in exchange for a commitment to pay to the lessor an amount approximately equivalent to the fair value of the asset and related finance costs. Recognition in the lessor's accounts is as follows:

- in assets, the value of the loan, less the principal of lease payments due and paid by the lessee;
- in profit or loss, interest received.

Operating leases do not transfer all the risks and benefits of ownership of an asset to the lessee which are therefore retained by the lessor.

In case of operating leases, the lessor recognises in the income statement the leases payments on an accrual basis.

The lessee recognises an asset representing the right of use of the underlying asset and, at the same time, a liability for the future payments requested by the lease contract.

It should be noted that as allowed by the standard, the Group has decided not to recognise any right of use nor lease liability with reference to the following lease contracts:

- leases of intangible assets;
- short term leases, lower than 12 months; and
- low value assets leases. For this purpose, an asset is considered as "low value" when its fair value as new is equal to or lower than €5 thousand. This category mainly comprises office equipment (PC, monitors, tablets, etc.) and fixed and mobile phones.

Therefore, lease payments concerning these kind of lease assets are recognised in item "190. Administrative expenses" on an accrual basis (item "160. Administrative expenses" in the Company financial statements).

With reference to contracts different from those mentioned above, the lease liability, recognised in Item "10. Financial liabilities at amortised cost", is determined by discounting the future lease payments to be due over the lease term at the proper discount rate.

Future lease payments subject to discounting are determined based on contractual provisions and net of VAT, when applicable, as the obligation to pay this tax starts when the invoice is issued by the lessor and not at the starting date of the lease contract.

In addition, if the lease payments foreseen by the contracts include additional services beside the mere rental of the asset, the right of use and the associated lease liability are calculated considering also these components.

To perform the mentioned calculation, lease payments have to be discounted at the interest rate implicit in the contract or, if it is not available, at the incremental borrowing rate. The key assumption followed to calculate this rate is that the lessee incurs a loan, senior secured, having the same maturity of the lease contract in order to acquire the assets underlying the contract itself. The resulting rate, where necessary, is adjusted in order to consider the specific features of the lease contract.

## Part A - Accounting policies

In order to determine the lease term it is necessary to consider the non-cancellable period, established in the contract, in which the lessee is entitled to use the underlying asset taking also into account potential renewal options if the lessee is reasonably certain to renew.

In particular, with reference to those contracts that allow the lessee to tacitly renew the lease contract after a first set of years, the lease term is determined taking into account factors such as the length of the first period, the existence of dismissal plans for the asset leased and any other circumstance indicating the reasonably certainty of the renewal.

The right of use is initially recognised in item "90. Property, plant and equipment" (item "80. Property, plant and equipment" in the Company financial statements) on the basis of the initial recognition amount of the associated lease liability, adjusted to consider, if applicable, lease payments made at or before the commencement of the lease, initial direct costs and estimates of costs required to restore the assets to the conditions requested by the terms of the lease contract.

Subsequent to the initial recognition, interests accrue on the lease liability at the interest rate implicit in the contract and are recognised in item "20. Interest expenses and similar charges".

The amount of the lease liability is reassessed in case of changes in the lease term, also arising from a change in the assessment of an option to purchase the leased asset, or in the lease payments, either coming from a change in an index or rate used to determine these payments or as a result of the amount expected to be payable under a residual value guarantees.

In these cases, the carrying value of the lease liability is calculated by discounting lease payments over the lease term using the original or a revised discount rate as applicable.

Changes in the amount of the lease liability resulting from the reassessment are recognised as an adjustment of the right of use.

In case of modification of a lease contract, the lessee recognises an additional separate lease if the modification increases the scope of the lease adding to the right of use one or more assets and the consideration to be paid for such increase is commensurate with the stand-alone price of the increase.

For other types of modifications, the lease liability is recalculated by discounting the lease payments for the revised lease term using a revised discount rate.

Changes in the Lease liabilities also adjust the carrying value of the corresponding right of use with the exception of gains/losses relating to the partial or full termination of the lease that are recognised in the income statement.

After the initial recognition the right of use is depreciated over the lease term and subject to impairment if applicable. Depreciation and impairment, determined using the same criteria used for tangible assets and also considering the actual usage of the leased assets, are recognised in item "210. Net value adjustments/write-backs on property, plant and equipment" (item "180. Net value adjustments/write-backs on property, plant and equipment" in the Company financial statements). The useful life used for calculating the depreciation of leasehold improvements shall not exceed the useful life attributed to the right of use.

### Factoring

Loans acquired in factoring transactions with recourse are recognised to the extent of the advances granted to customers on their consideration.

Loans acquired without recourse are recognised as such once it has been established that there are no contractual clauses that would invalidate the transfer of all risks and benefits to the factor.

### Share-based payments

Equity-settled payments made to employees or other staff in consideration of goods received or services rendered, using equity instruments comprise:

- stock options;
- performance shares (i.e., awarded on attainment of certain objectives);
- restricted shares (i.e., subject to a lock-up period).

Considering the difficulty of reliably measuring the fair value of the services rendered against equity-settled payments, reference is made to the fair value of the instruments themselves, measured at the date of the allocation.

This fair value is recognised as cost in profit and loss item "190. Administrative expenses: a) staff costs" offsetting the Shareholders' equity item "150. Reserves" (item "160. Administrative expenses: a) staff costs" and "140. Reserves" in the Company financial statements), on an accrual basis over the period in which the services are rendered.

The fair value of a cash-settled share-based payment, the services acquired and the liability incurred are measured at the fair value of the liability, recognised in item "80. Other liabilities". The fair value of the liability, as long as it remains unsettled, is remeasured at each balance sheet date and all changes in fair value are recognised in profit and loss item "190. Administrative expenses: a) staff costs" (item "160. Administrative expenses: a) staff costs" in the Company financial statements).

## Part A - Accounting policies

### Other long-term employee benefits

Long-term employee benefits (e.g., long-service bonuses, paid on reaching a predefined number of years' service) are recognised in item "80. Other liabilities" on the basis of the measurement of the liability at the balance sheet date, also in this case determined by an external actuary using the unit credit projection method (see previous paragraph 10 - Provisions for risks and charges). Actuarial gains (losses) on this type of benefit are recognised immediately in the income statement.

### Guarantees and credit derivatives in the same class

Guarantees and credit derivatives in the same class measured under IFRS9 (i.e., contracts under which the issuer make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument) are initially and subsequently (on remeasurement following impairment losses) recognised in item "100. Provisions for risks and charges: a) commitments and guarantees given".

On initial recognition guarantees given are recognised at fair value, which usually corresponds to the amount received when the guarantee is issued. After the initial recognition, guarantees given are recognised at the higher of the initially recognised value, net of any amortised portion, and the estimated amount required to meet the obligation.

The effects of valuation, relating to any impairment of the underlying, are recognised in the same balance-sheet item contra item "200. Net provisions for risks and charges: a) commitments and financial guarantees given" in the income statement (item "170 Net provisions for risks and charges: a) commitments and financial guarantees given" in the Company financial statements).

### Offsetting financial assets and liabilities

The accounting offsetting of assets and liabilities items has been performed according to IAS32, assessing the fulfillment of the following requirements:

- current legally enforceable right to set off the recognised amounts;
- intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accordance with IFRS7, further information has been included in the table of Notes to the consolidated accounts, in Part B - Other information.

In these tables, in particular the following information have to be reported:

- balance-sheet values, before and after the accounting offsetting effects, relating to the assets and liabilities which meet the criteria for applying those effects;
- values of the exposures which do not meet the above-mentioned criteria, but are included in Master Netting Agreements, or similar agreements, which create the right to set-off only following specified circumstances (e.g. default events);
- amounts of related collaterals.

### Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at the initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

The effective interest method is a method of allocating the interest income or interest expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all fees and basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions forming an integral part of the effective interest rate include loan drawdown fees or underwriting fees relating to a financial asset not designated at fair value, e.g., fees received as compensation for the assessment of the issuer's or borrower's financial situation, for valuation and registration of security, and generally for the completion of the transaction.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include financing costs or internal administrative or holding costs.



## Part A - Accounting policies

### Recognition of income and expenses

#### **Interest income and expenses**

Interest income and expenses and similar income and expense items relate to monetary items, i.e., liquidity and debt financial instruments (i) held for trading, (ii) designated at fair value (iii) mandatorily at fair value (iv) at fair value through other comprehensive income (v) at amortised cost and financial liabilities at amortised cost.

Interest income and expense are recognised through profit or loss with respect to all instruments measured at amortised cost, using the effective interest method.

Interest also includes the net credit or debit balance of differentials and margins on financial derivatives:

- hedging interest-bearing assets and liabilities;
- HFT but linked for business purposes to assets and liabilities designated as measured at fair value (fair value option);
- linked for business purposes to HFT assets and liabilities paying differentials or margins on different maturities.

#### **Fees and commissions income and other operating income**

Fees and commissions income and other operating income are accounted for in income statement as the entity satisfies the performance obligation embedded in the contract, according to "IFRS15 Revenue from Contracts with Customers" rules.

In particular:

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

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

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

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

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

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

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

Note, nevertheless, that for the services provided by the Group such a variability is not usually foreseen.

Finally, if a contract regards different goods/services whose performance obligations are not satisfied at the same time, the revenue is allocated among the different obligation proportionally to the stand-alone price of the single item delivered. These amounts will therefore be accounted for in income statement on the basis of the timing of satisfaction of each obligation.

This circumstance, which is not significant, might happen in case of customer loyalty programs that require to provide goods or services for free, or by cashing-in a price not at market condition, if the client reaches a specific volume of fees, or in case of programs to acquire new customers that assign a bonus to the target (in the form of a product or a service) when it becomes a new client.

#### **Dividends**

Dividends are recognised as revenue in profit and loss in the financial year in which their distribution has been approved.

## A.3 - Information on transfers between portfolios of financial assets

There were no transfers between portfolios of financial assets in 2021.

## Part A - Accounting policies

### A.4 - Information on fair value

#### Qualitative information

This section presents a disclosure on fair value as required by IFRS13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants in the principal market at the measurement date (i.e. an exit price).

The fair value of a financial liability with a demand feature (e.g. a demand deposit) cannot be lower than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

For financial instruments listed in active markets, fair value is determined on the basis of official prices in the principal market to which the Group has access (*Mark to Market*).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a pricing service, dealer, broker, agency that determines prices or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value can be determined on the basis of the relevant market prices for the component parts.

The Group may use valuation techniques, such as:

- a market approach (e.g. using quoted prices for similar assets, liabilities or equity instruments held by other parties as assets);
- cost approach (e.g. it reflects the amount that would be required currently to replace the service capacity of an asset, that is the current replacement cost);
- an income approach (e.g. a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).

The Group uses valuation models (*Mark to Model*) in line with the methods generally accepted and used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions for the instrument being valued and/or prices/quotations for instruments having similar characteristics in terms of risk profile. Indeed, these prices/quotations are relevant for determining significant parameters in terms of credit, liquidity and price risk of the instrument being valued. Reference to these market parameters allows to limit the discretionary nature of the valuation and ensures that the resulting fair value can be verified. If, for one or more risk factors it is not possible to refer to market data, the valuation models employed use estimates based on historical data as inputs.

As a further guarantee of the objectivity of valuations derived from valuation models, the Group employs:

- independent price verifications (IPVs);
- fair value adjustments (FVAs).

Independent price verification requires that the prices are verified at least monthly by Risk Management units that are independent from the units that assume the risk exposure.

This verification calls for comparing and adjusting the price in line with valuations obtained from independent market participants.

For instruments not quoted in active markets, the above verification process uses prices contributed by info providers as a reference and assigns a greater weighting to those prices that are considered representative of the instrument being valued.

This valuation can include the feasibility of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices from different sources, and the process followed by the info provider to obtain the information.

#### A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used

Hereby we provide IFRS13 disclosure requirements about accounting portfolios measured at fair value on a recurring basis, not measured at fair value, or measured at fair value on a non-recurring basis.

## Part A - Accounting policies

### **Assets and Liabilities measured at fair value on a recurring basis**

#### *Debt securities*

Debt securities are priced in a two-tier process depending on the liquidity in the respective market. Liquid instruments in active markets are marked to market and consequently they are allocated in the Fair Value Hierarchy under Level 1<sup>29</sup>.

Instruments not traded in active markets are marked to model through discounted cash flows model whose inputs include implied credit spread curves. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively. Under fair value accounting, fair value adjustments for liquidity and model deficiencies compensate for the lack of market observables for the Level 2 and Level 3 positions.

In the global bond IPV process market prices of Level 1 bonds and pricing models for illiquid bonds are regularly verified for accuracy.

#### *Structured financial products*

The Group determines the fair value of structured financial products not quoted on active markets using the appropriate derivative valuation methodology given the nature of the embedded structure (when this is not to be separated). Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

#### *Asset Backed Securities*

UniCredit valuation process assigns prices considering quotes available in the market.

As a second step, prices are assessed by benchmarking each security to a pool of similar securities with available market quotes. An alternative approach consists in evaluating the instrument through the use of quantitative pricing models, which are applicable every time that information regarding market participants assumptions on model parameters are reasonably made available without excessive costs or efforts. ABS are assigned to Level 2 or Level 3 depending on the observability of either prices or model inputs.

#### *Derivatives*

Fair value of derivatives not traded in an active market is determined using a mark-to-model valuation technique.

Where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts. Valuation techniques that are based on significant inputs that are observable are referred to as Level 2 valuations, while those based on techniques that use significant unobservable inputs are referred to as Level 3 valuations.

#### *Equity instruments*

Equity instruments are assigned to Level 1 when a quoted price is available on a liquid market and to Level 3 when no quotations are available or quotations have been suspended indefinitely. These instruments are classified as Level 2 only when trading volume on the market is not sufficient to qualify the market as active.

#### *Investment funds*

The Group holds investments in certain investment funds that publish net asset value ("NAV") per share, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. The Group's investments include co-investments in funds that are managed by the Group and investments in funds that are managed by third parties and in particular:

#### *Real estate funds*

Real estate funds are mapped to Level 1 when quoted prices are available on an active market; when this condition does not hold, real estate funds are disclosed as Level 3 and they are evaluated through an adequate credit adjustment of the NAV based on the specific features of each fund.

#### *Other funds*

The Group holds investments also in mutual funds, hedge funds and private equity funds.

Funds are usually assigned to Level 1 when a quoted price is available on an active market.

Funds are disclosed as Level 2 or Level 3 depending on NAV availability, portfolio transparency and possible issues relating to position write-off; these funds are measured on the basis of internal analysis that consider further information, included those provided by management companies.

<sup>29</sup> As far as Italian government bonds are concerned, it is worth stressing they are typically exchanged on the MTS market which is largely acknowledged as the main liquid platform for this kind of asset.

## Part A - Accounting policies

### *Loans*

Fair Value of loans measured at fair value is determined using either quoted prices or discounted cash flows analysis. They are classified under Level 2 if implied credit spread curves, as well as any other parameters used for determining fair value, are observable on the market. In the case the spreads curves are not observable they are derived using an internal spread model that is based both on observable and unobservable inputs, in the case the impact of unobservable inputs is significant they are classified as Level 3.

These include loans to corporates and household for which no indication of applicable credit spread is available and for which, therefore, fair value has been determined through internal credit risk parameters.

### *Property, plant and equipment measured at fair value*

The Group owns real estate assets for which changed, starting from 31 December 2019, its measurement accounting policy moving from a cost model to a fair value model for properties held for investment and revaluation model for properties used in business.

For both type of assets the fair value/revaluation model is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation by directly visiting the property and in consideration of market analysis (i.e. full appraisal) or, always considering the market analysis, on the basis of an indirect knowledge of the assets through the information made available by the owner and relating to the localisation, consistency, destination (i.e. desktop appraisal).

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

### **Fair Value Adjustments (FVA)**

Fair value adjustment is defined as the amount to be added either to the market observed mid-price or to the theoretical price generated by a valuation model with the aim of obtaining a fair value of the position. Therefore, FVA are aimed at insuring that the fair value reflects the actual exit price of a certain position.

Below a list of adjustments:

- Credit/Debit Valuation Adjustment ("CVA/DVA");
- Funding Cost and Benefit Value Adjustment ("FCA/FBA");
- model risk;
- close-out costs;
- other adjustments.

### *Credit/Debit Valuation Adjustment (CVA/DVA)*

Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively.

UniCredit CVA/DVA methodology is based on the following inputs:

- EAD derived by simulation techniques. Simulated exposures also take into account Specific Wrong-Way Risk that arises from transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD implied by current market default rates, obtained from Credit Default Swaps;
- LGD based on the estimated level of expected recovery should a counterparty default and implied by current market default rates, obtained from credit default swaps.

As at 31 December 2021, net CVA/DVA cumulative adjustment, relating to performing counterparts, amounts to €185.6 million negative; in addition, the adjustment related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to 148 million negative.

### *Funding Cost and Benefit Adjustment ("FCA/FBA")*

Funding Valuation Adjustment ("FundVA") is the sum of a Funding Cost Adjustment ("FCA") and of a Funding Benefit Adjustment ("FBA") that indeed account for the expected future funding costs/benefits for derivatives that are not fully collateralised. Most material contributors are in-the-money trades with uncollateralised counterparties.

UniCredit FundVA methodology is based on the following inputs:

- positive and Negative exposure profiles derived leveraging on a risk-neutral spin-off of the counterparty credit risk internal model;
- PD term structure implied by current market default rates obtained from credit default swaps;
- a funding spread curve that is representative of the average funding spread of peer financial groups.

As at 31 December 2021 the Fair Value Adjustment component (FundVA) reflected into P&L amounts to €129.5 million negative.



## Part A - Accounting policies

### *Model risk*

Financial models are used for the valuation of the financial instruments if the direct market quotes are not deemed reliable. In general the model risk is represented by the possibility that a financial instrument's evaluation is actually sensitive to the choice of model. It is possible to value the same financial instrument by using alternative models which could provide different results in term of pricing. The model risk adjustment refers to the risk that the actual fair value of the instrument differs from the value produced by the model.

### *Close-out cost*

It measures the implicit cost of closing a trading position. The position can be closed by a long position (or purchase in the case of a short position), or by entering into a new transaction (or several transactions) that offsets (hedges) the open position. The close-out costs are typically derived from the bid/ask spreads observed on the market. It accounts for the fact that a position is valued at mid but can only be closed at bid or ask. This adjustment is not needed when the position is marked at bid or ask and already represents an exit price. In addition, a close-out adjustment of the NAV is applied when there are some penalties relating to position write-off in an investment fund.

### *Other adjustments*

Other fair value adjustments, which are not included in the previous categories, could be taken into consideration to align the evaluation to the current exit price, also according to the level of liquidity of the market and valuation parameters, e.g. adjustment of equity prices whose quotation on the market are not representative of the effective exit price.

### **Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis**

Financial instrument not carried at fair value, for example retail loans and deposit, and credit facilities extended to corporate clients are not managed on a fair value basis.

For these instruments fair value is calculated for disclosure purposes only and does not impact the balance sheet or the profit or loss. Additionally, since these instruments generally do not trade, there is significant management judgment required to determine their fair values as defined by IFRS13.

### *Cash and cash balances*

Cash and cash balances are not carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk.

### *Financial assets at amortised cost*

For securities, fair value is determined according to what reported in section "Assets and liabilities measured at fair value on a recurring basis - Debt securities".

On the other hands, fair value for performing loans to banks and customers is determined using the discounted cash flow model adjusted for credit risk. Some portfolios are valued according to simplified approaches, which however take into account the financial features of the financial instruments.

### *Property, plant and equipment*

The fair value of under construction properties, obtained through the enforcement of guarantees received and the right of use of leased assets is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation by directly visiting the property and in consideration of market analysis (i.e. full appraisal) or, always considering the market analysis, on the basis of an indirect knowledge of the assets through the information made available by the owner and relating to the localisation, consistency, destination (i.e. desktop appraisal).

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

### *Financial liabilities at amortised cost*

Fair value for issued debt securities is determined using the discounted cash flow model adjusted for UniCredit credit risk. The Credit Spread takes seniority into account.

On the other hand fair value for other financial liabilities is determined using the discounted cash flow model adjusted for UniCredit credit risk.

### **Description of the valuation techniques**

Specific valuation techniques are used to value positions for which a market price is not directly observable from market sources. The Group uses well known valuation techniques for determining fair values of financial and non-financial instruments that are not actively traded and quoted. The valuation techniques used for Level 2 and 3 assets and liabilities are described below.

## Part A - Accounting policies

### *Option Pricing Model*

Option Pricing models are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.

### *Discounted cash flow*

Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument. The model requires the estimation of the cash flow and the adoption of market's parameters for the discounting: discount rate or discount margin reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "discounted value". The fair value of the contract is given by the sum of the present values of future cash flows.

### *Hazard Rate Model*

The valuation of CDS instruments (Credit Default Swap) requires the knowledge of the entity's survival probability at future dates. The estimate of this probability curve uses the standard model for survival probabilities and requires as parameters the credit default swap market quotes on standard future dates in addition to the risk-free curve and the expected recovery rate. The hazard rate is part of the described process and it indicates the instantaneous probability of default at different future instants.

### *Market Approach*

A valuation technique that uses prices generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

### *Gordon Growth Model*

A model used to determine the intrinsic value of a stock, based on a strip of future cash flows growing at a constant rate. Given a single cash flow and a hypothesis on constant growth through time, the model estimates the present value of future cash flows.

### *Dividend Discount Model*

A model used to determine the value of a stock based on expectations on its future dividend flow.

Given a series of forecasts on dividends payable in future exercises and an hypothesis on the subsequent annual growth of dividends at a constant rate, the model estimates the fair value of a stock as the sum of the current value of all future dividends

### *Adjusted NAV*

Net asset value is the total value of a fund's assets less liabilities. An increase in net asset value would result in an increase in a fair value measure. Usually for funds classified as Level 3, NAV represents a risk free valuation, therefore in this case the NAV is adjusted so as to consider the issuer's default risk.

### **Description of the inputs used to measure the fair value of items categorised in Level 2 and 3**

Hereby a description of the main significant inputs used to measure the fair value of items categorised in Level 2 and 3 of the fair value hierarchy.

#### *Volatility*

Volatility is the measure of the variation of price of a financial instrument over time. In particular, volatility measures the speed and severity of market price changes for an instrument, parameter or market index given the particular instrument, parameter or index changes in value over time, expressed as a percentage of relative change in price. The higher the volatility of the underlying, the riskier the instrument. In general, long option positions benefit from increases in volatility, whereas short option positions will suffer losses.

There are different types of volatility:

- volatility of interest rate;
- inflation volatility;
- volatility of foreign exchange;
- volatility of equity stocks, equity or other indexes/prices.

#### *Correlation*

Correlation is a measure of the relationship between the movements of two variables. When parameters are positively correlated, an increase in correlation results in a higher fair value measure. On the contrary, given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measure. Therefore, changes in correlation levels can have a major impact, favourable or unfavourable, on the fair value of an instrument, depending on the type of correlation.

## Part A - Accounting policies

Correlation is a pricing input for a derivative product where the payoff is driven by multiple underlying risks. The level of correlation used in the valuation of derivatives with multiple underlying risks depends on a number of factors including the nature of those risks.

### *Dividends*

The derivation of a forward price for an individual stock or index is important both for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings and, to a lesser extent, the relevant funding rates applicable to the stock in question. The dividend yield and timing represent the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price.

### *Interest rate curve*

The calculation of the interest rate curve is based on standard bootstrapping techniques relying on the set of quotes of appropriate financial instruments, for each currency, which turns interest rates in zero-coupon. Less liquid currencies interest rate curves refer to the rates in currencies for which a market liquidity doesn't exist in terms of tightness, depth and resiliency.

### *Inflation swap rate*

The determination of forward levels for inflation indexes is based on swap quote over inflation indexes. Swap over inflation may present a low liquidity level whether there is no liquid market in terms of rigidity, deepness and resistance.

### *Credit spreads*

Credit spreads reflects the credit quality of the associated credit name.

The credit spread of a particular security is reported in relation to the yield on a benchmark security or reference rate and is generally expressed in terms of basis points. In the loan evaluation model, the credit spread is used to estimate the market risk premium applied to discounting the cash-flows

### *Loss Given Default ("LGD")/Recovery Rate*

LGD also known as loss severity (the inverse concept is the recovery rate) represents the percentage of contractual cash flows lost in the event of a default, expressed as the net amount of loss relating to the outstanding balance. An increase in the loss severity, in isolation, would result in a decrease in a fair value measure. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

### *Price*

Where market prices are not observable, comparison via proxy is used to measure a fair value of the instrument.

### *Prepayment Rate ("PR")*

The PR is the estimated rate at which forecasted prepayments of principal of the related debt instrument are expected to occur. Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security. In general, as prepayment speeds change, the weighted average life of the security changes, which impacts the valuation either positively or negatively, depending on the nature of the security and the direction of the change in the weighted average life.

### *Probability of Default ("PD")*

The probability of default is an estimate of the likelihood of not collecting contractual amounts. It provides an estimate of the likelihood that a client of a financial institution will be unable to meet its debt obligations over a particular time horizon. The PD of an obligor does not only depend on the risk characteristics of that particular obligor but also the economic environment and the degree to which it affects the obligor.

### *Early conversion*

The early conversion is the estimate of the probability that the liability would be converted into equity earlier than the terms stated.

### *EBITDA*

EBITDA is an indicator of the current operating profitability of the business, that is the income generated by the use of the company's assets and the commercialisation of the products manufactured.

### *Ke*

The Ke (cost of capital) represents the minimum rate that the company has to offer to its shareholders as remuneration for the funds received.

### *Growth rate*

It is the constant growth rate used for the future dividends estimate.

## Part A - Accounting policies

### Quantitative information on significant unobservable inputs used in the fair value measurement: accounting portfolios measured at fair value categorised as Level 3

The following table shows the relevant unobservable parameters for the valuation of financial instruments classified at fair value level 3 according to the IFRS13 definition.

(€ million)

PRODUCT CATEGORIES		FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	VALUATION TECHNIQUES	UNOBSERVABLE PARAMETERS	UNCERTAINTY RANGES		
Derivatives								
Financial	Equity & Commodities	563	333	Option Pricing Model	Volatility	3%	15%	
					Correlation	2%	29%	
	Foreign Exchange	64	17	Option Pricing Model/ Discounted Cash Flows	Dividends Yield	1%	26%	
					Interest Rate	128	180	Discounted Cash Flows
	Credit	3	93	Hazard Rate Model	Inflation Swap Rate (bps)	3	12	
					Option Pricing Model	Inflation Volatility	1%	3%
					Interest Rate Volatility	0%	29%	
					Correlation	0%	20%	
					Credit Spread (bps)	1	29	
					Recovery rate	0%	5%	
					Debt Securities and Loans	Corporate/ Government/Other	1,702	1,187
	Mortgage & Asset Backed Securities	1,207	0	Discounted Cash Flows	Credit Spread (bps)	30	1835	
					Recovery rate	0%	27%	
Default Rate					0%	1%		
Prepayment Rate					0%	6%		
Equity Securities	Unlisted Equity & Holdings	1,513	0	Market Approach	Price (% of used value)	0%	4%	
				Gordon Growth Model	Ke	8%	12%	
					Growth Rate	1%	4%	
Units in Investment Funds	Real Estate & Other Funds	1,471	0	Adjusted Nav	PD	1%	30%	
					LGD	35%	60%	



## Part A - Accounting policies

### A.4.2 Valuations processes and sensitivities

The Group verifies that the value attributed to each position reflects the current fair value in an appropriate way. Assets and liabilities subject to fair value measurements are determined using different techniques, among which (but not only) models such as *discounted cash flow* and internal models. On the basis of the observability of the input used, all the measurements are classified as Level 1, Level 2 or Level 3 of the fair value hierarchy.

When a financial instrument, measured at fair value, is valued through the use of one or more significant inputs not directly observable on the market, a further procedure for the price verification is implemented. These procedures include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and *benchmarking*. This approach uses subjective opinions and judgments based on experience and, therefore, it could require valuation adjustments which take into account the *bid/ask* spread, liquidity and counterparty risk, in addition to the valuation model type adopted.

According to Group Market Risk Governance guidelines, in order to ensure the right separateness of the functions in charge of the model development and those in charge of the validation processes, all the valuation models developed by Group companies' front offices are independently tested centrally and validated by Risk Managements functions. The aim of this independent control structure is evaluating the model risk from a theoretical solidity, calibration techniques eventually applied and appropriateness of the model for a specific product in a defined market point of views.

In addition to the daily *mark-to-market* or *mark-to-model* valuation, the *Independent Price Verification* ("IPV") is applied by from *Market Risk* function with the aim of guaranteeing a fair value provided by an independent structure for all instruments, illiquid included.

#### **Fair value sensitivity to variations in unobservable input used in the fair value computation for instruments categorised as Level 3**

The sensitivities to change in the unobservable parameter for the different financial instrument categories of level 3 valued at fair value are presented in the table below as change of corresponding relevant parameters:

- for derivatives on equities and commodities: 1% absolute of volatility, 10% relative of dividend, 1% absolute of correlation and 10% relative of volatility skew;
- for foreign exchanges: 1% absolute of underlying volatility;
- for interest rate derivatives: 1 basis point absolute of rates curves and volatilities or 1% absolute of swaption volatilities;
- for credit derivatives: 1 basis point absolute of credit spread or, if Level 3 attribution for a derivative is due to counterparty classification as not performing, the CVA impact of a 5% absolute shift of the recovery rate;
- for debt securities: 1 basis point absolute of credit spread;
- for equities: 1% of the underlying;
- for Units in Investment Funds quotes: 5 basis points absolute shift in PD and LGD, if evaluated leveraging on models considering counterparty credit risk as main risk factor, otherwise 1% of fair value.

(€ million)

PRODUCT CATEGORIES		FAIR VALUE MOVEMENTS	
Derivatives	Financial	Equities & Commodities	+/- 44.09
		Foreign Exchange	+/- 0.41
		Interest Rate	+/- 4.24
	Credit		+/- 3.53
Debt Securities and Loans	Corporate/Government/Other		+/- 0.87
	Mortgage & Asset Backed Securities		+/- 0.37
Equity Securities	Unlisted Equity & Holdings		+/- 15.26
Units in Investment Funds	Real Estate & Other Funds		+/- 1.56

Within the unlisted Level 3 Units in Investment Funds, measured using a model, the shares in Atlante and Italian Recovery Fund, former Atlante II, (€327 million at 31 December 2021) are classified and, within Equity Securities, the investments in the Voluntary Scheme (as at 31 December 2021 equal to €2 million). For further information refer to Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value.

## Part A - Accounting policies

Amongst the financial instruments subject of valuation methods and sensitivity analysis, there are also included ABS issued by securitisation vehicles as per Italian law 130/99 where the Bank is both originator and underwriter of some issues and quotes of open investment funds acquired through credit disposal.

### A.4.3 Fair value hierarchy

IFRS13 establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted for valuations.

The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all the significant valuation inputs used. A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain the major part of the fair value variance itself.

In particular, three levels are considered:

- Level 1: the fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- Level 2: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are observable on active markets;
- Level 3: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are unobservable on active markets.

Financial instruments are classified to a certain fair value level according to the observability of the input used for the valuation.

**Level 1 (quoted prices in active markets):** at measurement date, quoted prices in active markets are available for identical assets or liabilities. An active market is a market in which orderly transactions for the asset or liability take place with sufficient frequency and volume for pricing information to be provided on an on-going basis (e.g. MTS market about prices for most of the government bonds therein traded).

**Level 2 (observable inputs):** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are observable if they are developed on the basis of publicly available information about actual events or transactions and reflect the assumptions that market participants would use when pricing the asset or liability.

**Level 3 (unobservable inputs):** inputs other than the ones included in Level 1 and Level 2, not directly observable on the market for the evaluation of asset and liability or used for the definition of significant adjustments to fair value. Unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Deciding among various valuation techniques to be used, the Group employs the one which maximises the use of observable inputs.

### *Transfers between hierarchy levels*

The main drivers to transfers in and out the fair values levels (both between Level 1 and Level 2 and in/out Level 3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.

Quantitative and qualitative details about transfers between fair value levels occurred in the period is presented in the paragraph "A.4.5 Fair value hierarchy" of the Notes to the consolidated accounts, Part A - Accounting policies, General, A.4 - Information on fair value, Quantitative information.

### A.4.4 Other information

The Group uses the IFRS13 exception for fair value measurements on a net basis with reference to financial assets and liabilities with offsetting positions of market risk or counterparty credit risk.

## Part A - Accounting policies

### Quantitative information

#### A.4.5 Fair value hierarchy

The following tables show the portfolios breakdown in terms of (i) financial assets and liabilities valued at fair value as well as (ii) assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis, according to the above-mentioned levels.

##### A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

(€ million)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at fair value through profit or loss	39,317	48,889	4,033	29,746	54,187	3,892
a) Financial assets held for trading	33,191	45,717	1,201	23,824	47,578	1,303
b) Financial assets designated at fair value	279	-	-	226	-	-
c) Other financial assets mandatorily at fair value	5,847	3,172	2,832	5,696	6,609	2,589
2. Financial assets at fair value through other comprehensive income	54,113	11,834	2,617	57,483	14,311	943
3. Hedging derivatives	38	3,027	-	114	3,683	5
4. Property, plant and equipment	-	-	5,955	-	-	5,961
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>93,468</b>	<b>63,750</b>	<b>12,605</b>	<b>87,343</b>	<b>72,181</b>	<b>10,801</b>
1. Financial liabilities held for trading	14,376	36,071	1,161	10,790	36,096	901
2. Financial liabilities designated at fair value	-	8,907	649	-	9,820	748
3. Hedging derivatives	51	4,252	-	126	5,573	-
<b>Total</b>	<b>14,427</b>	<b>49,230</b>	<b>1,810</b>	<b>10,916</b>	<b>51,489</b>	<b>1,649</b>

The item "1. c) Financial assets mandatorily at fair value" at Level 3 as at 31 December 2021 includes the investments in Atlante and Italian Recovery Fund (former Atlante II) carrying value €327 million and in "Schema Volontario" carrying value €1.8 million.

Since no market valuations or prices of comparable securities are available for "Schema Volontario", at 31 December 2021 the fair value of such instrument was determined using internal models (Discounted Cash Flow and Market Multiples) also having as reference the valuation of the financial assets of the "Schema Volontario" (supported by the advisor in charge) contained in the Report on operations of the "Schema Volontario" itself of December 2020, while concerning Atlante and Italian Recovery Fund (former Atlante II) the Fair Value has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered.

For further information refer to paragraph "2.5 Other financial assets mandatorily at fair value: breakdown by product" of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.

Transfers between level of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group entities.

Besides the transfers related to financial assets and liabilities carried at Level 3 detailed in the sections below during the year the following transfers occurred:

- from Level 1 to Level 2 owing to a worsening of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit or loss (financial assets held for trading, designed at fair value and mandatorily at fair value) for approximately €328 million;
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for approximately €29 million;
  - of financial liabilities measured at fair value through profit or loss (financial liabilities held for trading and designed at fair value) for approximately €61 million.
- from Level 2 to Level 1 owing to an improvement of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit or loss (financial assets held for trading, designed at fair value and mandatorily at fair value) for approximately €1.480 million;
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for approximately €1.851 million;
  - of financial liabilities measured at fair value through profit or loss (financial liabilities held for trading and designed at fair value) for approximately €1 million.

## Part A - Accounting policies

## A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

(€ million)

(€ million)

	CHANGES IN 2021								
	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) FINANCIAL ASSETS MANDATORILY AT FAIR VALUE					
1. Opening balances	3,892	1,303	-	2,589	943	5	5,961	-	
2. Increases	2,373	1,336	-	1,037	1,925	-	486	-	
2.1 Purchases	1,420	803	-	617	301	-	74	-	
2.2 Profits recognised in	652	458	-	194	109	-	347	-	
2.2.1 Income statement	652	458	-	194	4	-	84	-	
- of which unrealised gains	145	50	-	95	-	-	83	-	
2.2.2 Equity	X	X	X	X	105	-	263	-	
2.3 Transfers from other levels	235	65	-	170	1,428	-	-	-	
2.4 Other increases	66	10	-	56	87	-	65	-	
3. Decreases	2,232	1,438	-	794	251	5	492	-	
3.1 Sales	1,108	1,004	-	104	8	-	78	-	
3.2 Redemptions	447	92	-	355	53	-	-	-	
3.3 Losses recognised in	381	248	-	133	111	-	323	-	
3.3.1 Income statement	381	248	-	133	25	-	217	-	
- of which unrealised losses	175	99	-	76	-	-	102	-	
3.3.2 Equity	X	X	X	X	86	-	106	-	
3.4 Transfers to other levels	198	65	-	133	70	-	56	-	
3.5 Other decreases	98	29	-	69	9	5	35	-	
- of which: business combinations	-	-	-	-	-	-	-	-	
4. Closing balances	4,033	1,201	-	2,832	2,617	-	5,955	-	

The sub-items "2.2.1 Profits recognised in Income statement" and "3.3.1 Losses recognised in Income statement" in financial assets are included in the profit and loss in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

The sub-item "2.2.2 Profits recognised in Equity" and the sub-item "3.3.2 Losses recognised in Equity" reports the profits and the losses arising from fair value changes on financial assets at fair value through other comprehensive income and tangible assets used in business, with reference to land and buildings, according to the rules explained below.

With reference to financial assets at fair value through other comprehensive income these profits and losses are accounted in item "120. Valuation reserves" of shareholder's equity until the financial assets is not sold, instant in which cumulative gains and losses are reported: i) if referred to debt securities in income statement under item "100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income" and ii) if referred to equity instruments in the shareholder's equity under item "150. Reserves"; the exception regards the case of impairment and gains and losses on exchange rates on monetary assets (debt securities) which are reported respectively under item "130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income" and item "80. Net gains (losses) on trading".

With reference to tangible assets used in business, the profits arising from the valuation are recognised in item "120. Valuation reserves" of shareholder's equity for the portion exceeding the cumulated losses recognised in item "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value". Losses arising from the valuation are recognised in item "120. Valuation reserves" up to the cumulated profits recognised in the same item. Further losses are recognised in item "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value". On disposal the cumulated profits reported in item "120. Valuation reserves" are recycled to item "150. Reserves".

Transfers between levels of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposures held by UniCredit S.p.A. and its subsidiary UniCredit Bank Austria AG.

In particular, during the financial year 2021 due to the occurred unobservability of the input used for the evaluation Senior bonds of Prisma securitisation, held by UniCredit S.p.A., classified among the financial assets measured at fair value through other comprehensive income for an amount equals to 745 million, have been reclassified from Level 2 to Level 3 of the fair value hierarchy.



## Part A - Accounting policies

## A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2021		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	HEDGING DERIVATIVES
<b>1. Opening balances</b>	<b>901</b>	<b>748</b>	-
<b>2. Increases</b>	<b>1,434</b>	<b>547</b>	-
2.1 Issuance	564	308	-
2.2 Losses recognised in	621	74	-
2.2.1 Income statement	621	62	-
- of which unrealised losses	87	53	-
2.2.2 Equity	X	12	-
2.3 Transfers from other levels	152	154	-
2.4 Other increases	97	11	-
<b>3. Decreases</b>	<b>1,174</b>	<b>646</b>	-
3.1 Redemptions	760	23	-
3.2 Purchases	31	255	-
3.3 Profits recognised in	214	63	-
3.3.1 Income statement	214	49	-
- of which unrealised gains	112	22	-
3.3.2 Equity	X	14	-
3.4 Transfers to other levels	142	268	-
3.5 Other decreases	27	37	-
of which: business combinations	-	-	-
<b>4. Closing balances</b>	<b>1,161</b>	<b>649</b>	-

The sub-items "2.2.1 Losses recognised in Income statement" and "3.3.1 Profits recognised in Income statement" in financial liabilities are included in the profit and loss in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

Transfers between levels of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposures held by UniCredit S.p.A. and its subsidiary UniCredit Bank AG.

## A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

(€ million)

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at amortised cost	593,618	61,136	222,706	319,823	608,205	50,883	213,457	357,058
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	14,287	-	111	12,648	2,017	-	912	872
<b>Total</b>	<b>607,905</b>	<b>61,136</b>	<b>222,817</b>	<b>332,471</b>	<b>610,222</b>	<b>50,883</b>	<b>214,369</b>	<b>357,930</b>
1. Financial liabilities at amortised cost	761,023	50,787	335,707	378,539	775,747	49,669	314,876	417,371
2. Liabilities associated with assets classified as held for sale	2,149	-	54	2,095	761	-	95	666
<b>Total</b>	<b>763,172</b>	<b>50,787</b>	<b>335,761</b>	<b>380,634</b>	<b>776,508</b>	<b>49,669</b>	<b>314,971</b>	<b>418,037</b>

The changes occurred between 31 December 2020 and 31 December 2021 in the ratio between fair value and book value for financial assets at amortised cost reflect the enhancement of the methodology and the parameters adopted for the fair value calculation for disclosure and the evolution in the benchmark interest rate, in the risk premium and in the probability of default depending on or deriving from markets trend. These events together with the evolution of the approach to identify the significance of non-observable inputs have been reflected in fair value hierarchy level distribution.

## Part A - Accounting policies

The increase in the level 2 and the decrease in the level 3 of fair value hierarchy occurred in the item "1. Financial liabilities at amortised cost" mainly derives from the reclassification of the TLTRO exposures liabilities, due to a review of the evaluation model, mostly at UniCredit S.p.A.

The book value of item "3. Non-current assets and disposal groups classified as held for sale" (Assets) includes amounts referred to assets measured on balance sheet on the basis of their cost for €1,528 million. For further details on this item refer to the table "12.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type" of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 12 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities).

### A.5 - Information on "day one profit/loss"

The value at which financial instruments are recognised is equal to their fair value on the same date.

The fair value of financial instruments, different from those designated at fair value through profit or loss, at their recognition date is usually assumed to be equal to the amount collected or paid.

For financial instruments held for trading (refer to Sections 1.a) and 12 of Part A.2 above) and instruments designated at fair value (refer to Sections 1.b) and 13 of Part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the income statement.

The use of conservative valuation models, the processes described above for revising the models used and related parameters and value adjustments to reflect model risk ensure that the amount recognised in the income statement is not derived from the use of valuation parameters that cannot be observed.

More specifically, the calculation of fair value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of subjective parameters is not recognised in the profit and loss accounts, but changes the balance sheet value of these instruments.

The presence of further "day one profit" leads to the recognition of a distinct asset component that is the object of linear competition.

Recognition of these portions in the profit and loss account is then made only when objective parameters are applied and therefore the adjustments are derecognised.

The overall fair value adjustments to reflect these adjustments (amount not recognised in the Income statement) amounts to +€59 million as at 31 December 2021 (+€54 million as at 31 December 2020).

## Part B - Consolidated balance sheet - Assets

### Assets

#### Section 1 - Cash and cash balances - Item 10

##### 1.1 Cash and cash balances: breakdown

(€ million)

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
a) Cash	8,950	8,952
b) Current accounts and demand deposits with Central Banks	89,037	96,286
c) Current accounts and demand deposits with Banks	9,420	11,765
<b>Total</b>	<b>107,407</b>	<b>117,003</b>

The decrease in the item “b) Current accounts and demand deposits with Central Bank” is mainly due to a subsidiary UniCredit Bank AG. The item “b) Current accounts and demand deposits with Central Bank” include mainly the investment of liquidity in overnight deposits with Banca d'Italia and Bundesbank, in addition to the part that is maintained in the Compulsory Reserves, classified in the item Due from Banks as a result of the management of a net surplus of funds recognised both (i) in the context of commercial activity with customers and (ii) as part of the interbank business.

#### Section 2 - Financial assets at fair value through profit or loss - Item 20

##### 2.1 Financial assets held for trading: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial assets (non-derivatives)</b>						
<b>1. Debt securities</b>	<b>12,220</b>	<b>1,112</b>	<b>369</b>	<b>8,691</b>	<b>1,473</b>	<b>693</b>
1.1 Structured securities	2	699	-	23	978	-
1.2 Other debt securities	12,218	413	369	8,668	495	693
<b>2. Equity instruments</b>	<b>7,727</b>	<b>1</b>	<b>-</b>	<b>6,545</b>	<b>4</b>	<b>-</b>
<b>3. Units in investment funds</b>	<b>1,509</b>	<b>842</b>	<b>74</b>	<b>1,462</b>	<b>736</b>	<b>29</b>
<b>4. Loans</b>	<b>6,838</b>	<b>8,593</b>	<b>-</b>	<b>3,066</b>	<b>4,844</b>	<b>-</b>
4.1 Reverse Repos	-	2,188	-	-	1,887	-
4.2 Other	6,838	6,405	-	3,066	2,957	-
<b>Total (A)</b>	<b>28,294</b>	<b>10,548</b>	<b>443</b>	<b>19,764</b>	<b>7,057</b>	<b>722</b>
<b>B. Derivative instruments</b>						
<b>1. Financial derivatives</b>	<b>4,881</b>	<b>34,983</b>	<b>755</b>	<b>4,036</b>	<b>40,467</b>	<b>577</b>
1.1 Trading	4,881	34,839	755	4,036	40,422	577
1.2 Linked to fair value option	-	20	-	-	19	-
1.3 Other	-	124	-	-	26	-
<b>2. Credit derivatives</b>	<b>16</b>	<b>186</b>	<b>3</b>	<b>24</b>	<b>54</b>	<b>4</b>
2.1 Trading	16	186	3	24	54	4
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
<b>Total (B)</b>	<b>4,897</b>	<b>35,169</b>	<b>758</b>	<b>4,060</b>	<b>40,521</b>	<b>581</b>
<b>Total (A+B)</b>	<b>33,191</b>	<b>45,717</b>	<b>1,201</b>	<b>23,824</b>	<b>47,578</b>	<b>1,303</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>80,109</b>			<b>72,705</b>

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see paragraph “A.4 - Information on fair value”, of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies.

The financial assets and liabilities relating to OTC Derivatives and Reverse repos managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

## Part B - Consolidated balance sheet - Assets

The offset effect as at 31 December 2021, already included in the net presentation of these transactions, totaled €35,559 million decreased in comparison to €38,163 million as at 31 December 2020 due to the evolution of the reference market conditions.

Item "1. Debt securities" include securities related to securitisation transactions shown in the following table.

### Exposures to securities related to Securitisation transactions

		(€ million)
TRANCHING		AMOUNTS AS AT 12.31.2021
Senior		32
Mezzanine		-
Junior		1
<b>Total</b>		<b>33</b>

### 2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

		(€ million)	
		AMOUNTS AS AT	
ITEMS/VALUES		12.31.2021	12.31.2020
<b>A. Financial assets (non-derivatives)</b>			
<b>1. Debt securities</b>		<b>13,701</b>	<b>10,857</b>
a) Central Banks		-	-
b) Governments and other Public Sector Entities		11,195	7,386
c) Banks		733	1,204
d) Other financial companies		1,007	1,488
of which: insurance companies		-	-
e) Non-financial companies		766	779
<b>2. Equity instruments</b>		<b>7,728</b>	<b>6,549</b>
a) Banks		365	671
b) Other financial companies		615	592
of which: insurance companies		174	195
c) Non-financial companies		6,748	5,286
d) Other issuers		-	-
<b>3. Units in investment funds</b>		<b>2,425</b>	<b>2,227</b>
<b>4. Loans</b>		<b>15,431</b>	<b>7,910</b>
a) Central Banks		231	83
b) Governments and other Public Sector Entities		5,739	2,155
c) Banks		388	394
d) Other financial companies		1,535	1,071
of which: insurance companies		-	-
e) Non-financial companies		7,538	4,207
f) Households		-	-
<b>Total A</b>		<b>39,285</b>	<b>27,543</b>
<b>B. Derivative instruments</b>			
a) Central counterparties		6,209	4,463
d) Other		34,615	40,699
<b>Total B</b>		<b>40,824</b>	<b>45,162</b>
<b>Total (A+B)</b>		<b>80,109</b>	<b>72,705</b>



## Part B - Consolidated balance sheet - Assets

## 2.3 Financial assets designated at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>279</b>	<b>-</b>	<b>-</b>	<b>226</b>	<b>-</b>	<b>-</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	279	-	-	226	-	-
<b>2. Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
<b>Total</b>	<b>279</b>	<b>-</b>	<b>-</b>	<b>226</b>	<b>-</b>	<b>-</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>279</b>			<b>226</b>		

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information refer to paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting policies.

## 2.4 Financial assets designated at fair value: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Debt securities</b>	<b>279</b>	<b>226</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	279	226
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
<b>2. Loans</b>	<b>-</b>	<b>-</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>279</b>	<b>226</b>

## 2.5 Other financial assets mandatorily at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>5,490</b>	<b>1,664</b>	<b>257</b>	<b>5,612</b>	<b>5,042</b>	<b>187</b>
1.1 Structured securities	-	-	2	-	-	-
1.2 Other debt securities	5,490	1,664	255	5,612	5,042	187
<b>2. Equity instruments</b>	<b>334</b>	<b>85</b>	<b>646</b>	<b>57</b>	<b>80</b>	<b>647</b>
<b>3. Units in investment funds</b>	<b>23</b>	<b>38</b>	<b>1,396</b>	<b>27</b>	<b>39</b>	<b>1,267</b>
<b>4. Loans</b>	<b>-</b>	<b>1,385</b>	<b>533</b>	<b>-</b>	<b>1,448</b>	<b>488</b>
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1,385	533	-	1,448	488
<b>Total</b>	<b>5,847</b>	<b>3,172</b>	<b>2,832</b>	<b>5,696</b>	<b>6,609</b>	<b>2,589</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>11,851</b>			<b>14,894</b>		

A financial asset is classified as financial asset mandatorily at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for being measured at amortised cost or at fair value through other comprehensive income.

## Part B - Consolidated balance sheet - Assets

The item "1. Debt securities" includes investments in FINO Project's Mezzanine and Junior Notes with a value of €43 million, Mezzanine and Junior bonds of Prisma securitisation for €3 million and Mezzanine and Junior bonds of Olympia for €1 million, presented among Level 3 instruments.

The item "2. Equity instruments" includes the investment in a "Schema Volontario" (presented among Level 3 instruments) with a value of €2 million.

The item "3. Units in investment funds" includes the investments in Atlante and Italian Recovery Fund, former Atlante II, presented among Level 3 instruments, with a value of €327 million as at 31 December 2021.

The item "4. Loans" includes exposures which have been granted payment moratoriums related to the Covid-19 pandemic context for a total amount of €5 million, held by UniCredit S.p.A.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.

For further information refer to paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting policies.

### Exposures to securities related to Securitisation transactions

		(€ million)
TRANCHING		AMOUNTS AS AT 12.31.2021
Senior		1,875
Mezzanine		61
Junior		52
<b>Total</b>		<b>1,988</b>

### Information about the units of Atlante Fund and Italian Recovery Fund

Reference is made to the paragraph "Information about the units of Atlante Fund and Italian Recovery Fund (former Atlante II)" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheets - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20, which is herewith quoted entirely.

### Information about the investments in the "Schema Volontario" (Voluntary Scheme)

Reference is made to the paragraph "Information about the investments in the Schema Volontario" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheets - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20, which is herewith quoted entirely.

### 2.6 Other Financial assets mandatorily at fair value: breakdown by borrowers/issuers

		(€ million)	
		AMOUNTS AS AT	
ITEMS/VALUES		12.31.2021	12.31.2020
<b>1. Equity instruments</b>		<b>1,065</b>	<b>784</b>
of which: banks		254	25
of which: other financial companies		260	257
of which: non-financial companies		551	503
<b>2. Debt securities</b>		<b>7,411</b>	<b>10,841</b>
a) Central banks		3	4
b) Governments and other Public Sector Entities		4,104	6,383
c) Banks		2,769	3,980
d) Other financial companies		521	463
of which: insurance companies		81	57
e) Non-financial companies		14	11
<b>3. Units in investment funds</b>		<b>1,457</b>	<b>1,333</b>
<b>4. Loans and advances</b>		<b>1,918</b>	<b>1,936</b>
a) Central banks		-	-
b) Governments and other Public Sector Entities		768	830
c) Banks		57	60
d) Other financial companies		90	57
of which: insurance companies		-	-
e) Non-financial companies		559	661
f) Households		444	328
<b>Total</b>		<b>11,851</b>	<b>14,894</b>

## Part B - Consolidated balance sheet - Assets

## Section 3 - Financial assets at fair value through other comprehensive income - Item 30

## 3.1 Financial assets at fair value through other comprehensive income: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>54,106</b>	<b>11,232</b>	<b>1,750</b>	<b>57,463</b>	<b>13,439</b>	<b>236</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	54,106	11,232	1,750	57,463	13,439	236
<b>2. Equity instruments</b>	<b>7</b>	<b>602</b>	<b>867</b>	<b>20</b>	<b>872</b>	<b>707</b>
<b>3. Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>54,113</b>	<b>11,834</b>	<b>2,617</b>	<b>57,483</b>	<b>14,311</b>	<b>943</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>68,564</b>			<b>72,737</b>		

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting Policies.

The Item "1. Debt Securities" includes investments FINO Project's in instrument Senior and in one part of instrument Mezzanine notes with a value of €88 million entirely reported within Level 3 of the Fair Value hierarchy, in Senior bonds of Prisma securitisation for €745 million and in Senior bonds of Olympia securitisation for €261 million, both presented among Level 3 instruments, and in Senior bonds of Relais for €407 million, reported in the Level 2 instruments.

It should be noted, in particular, that during 2021, as a result of the occurred unobservability of inputs used in the valuation, the senior class securities related to Prisma securitisation, held by UniCredit S.p.A., have been classified from Level 2 to Level 3 of the Fair value hierarchy.

The Item "2. Equity instruments" includes (i) Banca d'Italia stake (presented among Level 2 instruments), with a value of €554 million and (ii) ABH Holding SA investments (presented among Level 3 instruments) acquired in contemplation of the sale of PJSC Ukrsothbank to Alfa Group, with a value of €287 million at 31 December 2021.

## Exposures to securities related to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 12.31.2021
Senior	1,537
Mezzanine	12
Junior	-
<b>Total</b>	<b>1,549</b>

## Information about the shareholding in Banca d'Italia

Reference is made to the paragraph "Information about the shareholding in Banca d'Italia" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheets - Assets, Section 3 - Financial assets at fair value through other comprehensive income - Item 30, 3.1 Financial assets at fair value through other comprehensive income: breakdown by product, which is herewith quoted entirely.

## Part B - Consolidated balance sheet - Assets

## 3.2 Financial assets at fair value through other comprehensive income: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Debt securities</b>	<b>67,088</b>	<b>71,138</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	53,165	56,970
c) Banks	10,142	10,272
d) Other financial companies	2,437	2,473
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	1,344	1,423
<b>2. Equity instruments</b>	<b>1,476</b>	<b>1,599</b>
a) Banks	615	871
b) Other issuers	861	728
- Other financial companies	567	470
<i>of which: insurance companies</i>	29	30
- Non-financial companies	290	256
- Other	4	2
<b>3. Loans and advances</b>	<b>-</b>	<b>-</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>68,564</b>	<b>72,737</b>

The item "2. Equity instruments a) Banks" includes Banca d'Italia stake.

## 3.3 Financial assets at fair value through other comprehensive income: gross value and total accumulated impairments

(€ million)

		GROSS VALUE				TOTAL ACCUMULATED IMPAIRMENTS				PARTIAL ACCUMULATED WRITE-OFFS(*)
		STAGE 1	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	
Debt securities		66,505	64,765	655	2	-	56	16	2	-
Loans and advances		-	-	-	-	-	-	-	-	-
<b>Total 12.31.2021</b>		<b>66,505</b>	<b>64,765</b>	<b>655</b>	<b>2</b>	<b>-</b>	<b>56</b>	<b>16</b>	<b>2</b>	<b>-</b>
<b>Total 12.31.2020</b>		<b>70,725</b>	<b>68,279</b>	<b>471</b>	<b>1</b>	<b>-</b>	<b>50</b>	<b>8</b>	<b>1</b>	<b>-</b>

Note:

(\*) Value shown for information purposes.



## Part B - Consolidated balance sheet - Assets

## Section 4 - Financial assets at amortised cost - Item 40

## 4.1 Financial assets at amortised cost: breakdown by product of loans and advances to banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021						AMOUNTS AS AT 12.31.2020					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Loans and advances to Central Banks</b>	<b>59,465</b>	-	-	-	<b>7,589</b>	<b>51,865</b>	<b>64,270</b>	-	-	-	<b>5,946</b>	<b>58,235</b>
1. Time deposits	2,839	-	-	X	X	X	1,913	-	-	X	X	X
2. Compulsory reserves	50,947	-	-	X	X	X	57,875	-	-	X	X	X
3. Reverse repos	5,077	-	-	X	X	X	4,465	-	-	X	X	X
4. Other	602	-	-	X	X	X	17	-	-	X	X	X
<b>B. Loans and advances to banks</b>	<b>31,938</b>	-	-	<b>6,454</b>	<b>21,931</b>	<b>3,851</b>	<b>37,923</b>	-	-	<b>3,696</b>	<b>27,975</b>	<b>7,115</b>
1. Loans	23,417	-	-	-	19,850	3,833	32,190	-	-	5	26,048	6,889
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	7,918	-	-	X	X	X	7,253	-	-	X	X	X
1.3 Other loans	15,499	-	-	X	X	X	24,937	-	-	X	X	X
- Reverse repos	11,144	-	-	X	X	X	20,616	-	-	X	X	X
- Lease Loans	2	-	-	X	X	X	4	-	-	X	X	X
- Other	4,353	-	-	X	X	X	4,317	-	-	X	X	X
2. Debt securities	8,521	-	-	6,454	2,081	18	5,733	-	-	3,691	1,927	226
2.1 Structured	-	-	-	-	-	-	1	-	-	-	-	-
2.2 Other	8,521	-	-	6,454	2,081	18	5,732	-	-	3,691	1,927	226
<b>Total</b>	<b>91,403</b>	-	-	<b>6,454</b>	<b>29,520</b>	<b>55,716</b>	<b>102,193</b>	-	-	<b>3,696</b>	<b>33,921</b>	<b>65,350</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>91,690</b>						<b>102,967</b>		

Decrease in item "A. Loans and advance to Central Banks" is mostly due to the Compulsory Reserve held toward National Central Bank, mainly observed in UniCredit Bank Austria AG.

Loans and advances to banks are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three levels hierarchy that reflects the observability of the inputs used in the measurements. For further information see the paragraph "A.4 - Information on fair value", Notes to the consolidated accounts Part A - Accounting Policies.

This table does not include security lending transactions collateralised by securities or not collateralised. These transactions were classified under "off-balance sheet" exposures of table in the paragraph "A.1.4 Regulatory consolidation - On - and off-balance sheet credit exposure with banks: gross and net values" of the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, Quantitative information, A. Credit quality. Refer also the paragraph "Other information" of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities.

## Part B - Consolidated balance sheet - Assets

## 4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021						AMOUNTS AS AT 12.31.2020					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS	STAGE 3	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS	STAGE 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Loans</b>	<b>428,271</b>	<b>7,448</b>	<b>32</b>	<b>-</b>	<b>182,934</b>	<b>262,200</b>	<b>440,224</b>	<b>8,449</b>	<b>62</b>	<b>138</b>	<b>169,259</b>	<b>290,442</b>
1.1 Current accounts	24,953	683	1	X	X	X	24,901	755	2	X	X	X
1.2 Reverse repos	18,239	-	-	X	X	X	35,757	-	-	X	X	X
1.3 Mortgages	182,348	2,923	13	X	X	X	175,452	2,849	18	X	X	X
1.4 Credit cards and personal loans, including wage assignment	16,324	311	1	X	X	X	16,054	334	1	X	X	X
1.5 Lease loans	4,283	167	-	X	X	X	15,962	789	-	X	X	X
1.6 Factoring	13,437	129	-	X	X	X	12,103	133	-	X	X	X
1.7 Other loans	168,687	3,235	17	X	X	X	159,995	3,589	41	X	X	X
<b>2. Debt securities</b>	<b>66,451</b>	<b>13</b>	<b>-</b>	<b>54,682</b>	<b>10,252</b>	<b>1,907</b>	<b>57,242</b>	<b>35</b>	<b>-</b>	<b>47,049</b>	<b>10,277</b>	<b>1,266</b>
2.1 Structured securities	41	-	-	-	-	41	35	-	-	-	-	35
2.2 Other debt securities	66,410	13	-	54,682	10,252	1,866	57,207	35	-	47,049	10,277	1,231
<b>Total</b>	<b>494,722</b>	<b>7,461</b>	<b>32</b>	<b>54,682</b>	<b>193,186</b>	<b>264,107</b>	<b>497,466</b>	<b>8,484</b>	<b>62</b>	<b>47,187</b>	<b>179,536</b>	<b>291,708</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>511,975</b>						<b>518,431</b>		

The column "purchased or originated credit-impaired financial assets" includes loans, belonging to stage 2 and stage 3, that at the time of the purchase, as part of transactions other than business combinations, were already impaired.

The sub-items "1.2. Reverse repos" and "1.7 Other loans" do not include security lending transactions collateralised by securities or not collateralised. These transactions were classified under "off-balance sheet" exposures of table A.1.5 of Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, Quantitative information, A. Credit Quality. Refer also the section "Other Information" of Part B - Consolidated balance sheet - Liabilities.

The sub-item "1.7 Other loans" includes:

- €4,923 million for trade receivables;
- €27,578 million other Loans not settled through current account;
- €26,728 million for pooled transactions;
- €17,351 million other advances to customers;
- €18,704 million for loans with amortised plan.

Loans to customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three levels hierarchy that reflects the observability of the inputs used in the measurements. For further information see paragraph "A.4 Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting Policies.

The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as Level 3 in the fair value hierarchy.

The fair value of impaired loans was estimated by considering that the realizable value expressed by the net book value is the best estimate of the future expected cash flows discounted at the valuation date, further adjusted to incorporate, when available, a premium derived from significant market's transaction for similar instruments. According to this assumption, impaired loans were classified as Level 3 in the fair value hierarchy.

It should be noted that the decreases in the sub item "1.5 Lease loans" is mainly due to a reclassification of the assets and liabilities of the Group subsidiaries UniCredit Leasing S.p.A., UniCredit Leasing GMBH e UniCredit Leasing, Leasing, DOO within the Non-current assets and disposal groups classified as held for sale and Liabilities associated with classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities). Furthermore, the reduction of the credit impaired (Stage 3) is mainly attributable to the disposal transactions of that loans (Relais Transaction) performed during the period.

For additional information refer to the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies, Section 1 - Credit risk, under the table "A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values).

## Part B - Consolidated balance sheet - Assets

The item "2.2 Other debt securities" include securities related to securitisation transactions shown in the following table.

## Exposures to securities related to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 12.31.2021
Senior	6,509
Mezzanine	30
Junior	-
<b>Total</b>	<b>6,539</b>

## 4.3 Financial assets at amortised cost: breakdown by borrowers/issuers of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
<b>1. Debt securities</b>	<b>66,451</b>	<b>13</b>	<b>-</b>	<b>57,242</b>	<b>35</b>	<b>-</b>
a) Governments and other Public Sector Entities	53,549	-	-	45,231	-	-
b) Other financial companies	9,256	13	-	8,965	35	-
<i>of which: insurance companies</i>	-	-	-	-	-	-
c) Non-financial companies	3,646	-	-	3,046	-	-
<b>2. Loans</b>	<b>428,271</b>	<b>7,448</b>	<b>32</b>	<b>440,224</b>	<b>8,449</b>	<b>62</b>
a) Governments and other Public Sector Entities	24,152	407	-	22,983	446	-
b) Other financial companies	53,398	504	-	68,458	606	9
<i>of which: insurance companies</i>	1,318	1	-	4,206	2	-
c) Non-financial companies	224,246	4,404	20	226,993	5,665	37
d) Households	126,475	2,133	12	121,790	1,732	16
<b>Total</b>	<b>494,722</b>	<b>7,461</b>	<b>32</b>	<b>497,466</b>	<b>8,484</b>	<b>62</b>

## 4.4 Financial assets at amortised cost: gross value and total accumulated impairments

(€ million)

(€ million)											
		GROSS VALUE				TOTAL ACCUMULATED IMPAIRMENTS				PARTIAL ACCUMULATED WRITE-OFFS(*)	
		STAGE 1		PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS			
			OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION								
				STAGE 2	STAGE 3						
1. Debt securities		73,255	48,490	1,744	22	-	9	18	9	-	-
2. Loans		411,585	8,664	103,949	16,196	46	993	3,388	8,748	14	1,826
Total	12.31.2021	484,840	57,154	105,693	16,218	46	1,002	3,406	8,757	14	1,826
Total	12.31.2020	519,631	40,738	84,221	21,117	76	1,196	2,997	12,633	14	2,011

Note:

(\*) Value shown for information purposes.

## Part B - Consolidated balance sheet - Assets

## 4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments

(€ million)

		GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				PARTIAL ACCUMULATED WRITE-OFFS(*)
STAGE 1					PURCHASED OR ORIGINATED CREDIT IMPAIRED				PURCHASED OR ORIGINATED CREDIT IMPAIRED		
	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3			STAGE 1	STAGE 2	STAGE 3			
1. EBA-compliant moratoria loans and advances	36	-	82	2	-	-	5	1	-	-	
2. Loans under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	3,608	-	2,349	185	1	26	161	130	-	-	
3. Loans and advances with other forbearance measures	21	-	2,758	1,648	3	-	216	431	-	-	
4. Newly originated loans and advances	17,201	-	7,972	308	3	27	62	86	-	-	
<b>Total 12.31.2021</b>	<b>20,866</b>	<b>-</b>	<b>13,161</b>	<b>2,143</b>	<b>7</b>	<b>53</b>	<b>444</b>	<b>648</b>	<b>-</b>	<b>-</b>	
<b>Total 12.31.2020</b>	<b>23,306</b>	<b>-</b>	<b>17,117</b>	<b>1,352</b>	<b>31</b>	<b>85</b>	<b>689</b>	<b>472</b>	<b>1</b>	<b>-</b>	

Loans benefitting from Covid-19 measures are held, in term of gross exposures, mainly by UniCredit S.p.A. (€27,552 million, of which €26,645 million performing), UniCredit Bulbank (€2,962 million, of which €2,935 million performing) e UniCredit Bank AG (€2,749 million, of which €1,782 million performing).

## Section 5 - Hedging derivatives - Item 50

## 5.1 Hedging derivatives: breakdown by hedged risk and fair value hierarchy

(€ million)

	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Financial derivatives</b>	<b>38</b>	<b>3,027</b>	<b>-</b>	<b>378,444</b>	<b>114</b>	<b>3,683</b>	<b>5</b>	<b>273,178</b>
1) Fair value	38	2,466	-	342,993	114	3,426	5	244,498
2) Cash flows	-	561	-	35,451	-	257	-	28,680
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>38</b>	<b>3,027</b>	<b>-</b>	<b>378,444</b>	<b>114</b>	<b>3,683</b>	<b>5</b>	<b>273,178</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>3,065</b>				<b>3,802</b>			

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurement. For further information refer to the paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting policies.



## Part B - Consolidated balance sheet - Assets

## 5.2 Hedging derivatives: composition for covered portfolios and by type of hedging

(€ million)

(€ million)

TRANSACTIONS/TYPE OF HEDGES	AMOUNTS AS AT 12.31.2021									
	FAIR VALUE							CASH FLOW		
	MICRO-HEDGE									
	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHERS	MACRO- HEDGE	MICRO- HEDGE	MACRO- HEDGE	FOREIGN INVESTMENTS
1. Financial assets at fair value through other comprehensive income	9	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	2	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	222	X	395	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222</b>	<b>-</b>	<b>395</b>	<b>-</b>
1. Financial liabilities	1,897	X	-	-	-	-	X	12	X	X
2. Portfolio	X	X	X	X	X	X	153	X	149	X
<b>Total liabilities</b>	<b>1,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>12</b>	<b>149</b>	<b>-</b>
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	221	X	5	

## Section 6 - Changes in fair value of portfolio hedged items - Item 60

## 6.1 Changes to macro-hedged financial assets: breakdown by hedged portfolio

(€ million)

CHANGES TO HEDGED ASSETS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Positive changes</b>	<b>3,228</b>	<b>5,628</b>
1.1 Of specific portfolios	897	2,169
a) Financial assets at amortised cost	895	2,169
b) Financial assets at fair value through other comprehensive income	2	-
1.2 Overall	2,331	3,459
<b>2. Negative changes</b>	<b>1,717</b>	<b>1,742</b>
2.1 Of specific portfolios	744	719
a) Financial assets at amortised cost	744	719
b) Financial assets at fair value through other comprehensive income	-	-
2.2 Overall	973	1,023
<b>Total</b>	<b>1,511</b>	<b>3,886</b>

The decrease in the item is mainly attributable to the evolution in the markets interest rate curves observed in 2021.

## Part B - Consolidated balance sheet - Assets

## Section 7 - Equity investments - Item 70

## 7.1 Equity investments: information on shareholders' equity

OWNERSHIP RELATIONSHIP								
COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	NATURE OF RELATIONSHIP <sup>(2)</sup>	HELD BY	HOLDING %	VOTING RIGHTS % <sup>(2)</sup>	
VALUED AT EQUITY METHOD								
A.2 INVESTMENTS IN JOINT VENTURES								
1	FIDES LEASING GMBH Issued capital EUR 36,000	VIENNA	VIENNA	7	2	CALG ANLAGEN LEASING GMBH	50.00	
2	HETA BA LEASING SUEB GMBH Issued capital EUR 36,500	KLAGENFURT	KLAGENFURT	7	2	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	50.00	
3	PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,336	STOCKERAU	STOCKERAU	7	2	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
A.3 COMPANIES UNDER SIGNIFICANT INFLUENCE								
4	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJE OBVEZNIM I DOBROVOLJNIM MIROVINSKIM FONDOVIMA Issued capital HRK 105,000,000	ZAGREB	ZAGREB	8	2	ZAGREBACKA BANKA D.D.	49.00	
5	ASSET BANCARI II Issued capital EUR 25,050,203	MILAN	MILAN	8	2	UNICREDIT SPA	21.55	
6	AVIVA SPA Issued capital EUR 247,000,000	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
7	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT Issued capital EUR 68,062,500	INNSBRUCK	INNSBRUCK	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	
						UNICREDIT BANK AUSTRIA AG	9.85	
8	BARN BV Issued capital EUR 237,890,000	AMSTERDAM	AMSTERDAM	8	2	AO UNICREDIT BANK	40.00	
9	BKS BANK AG Issued capital EUR 85,886,000	KLAGENFURT	KLAGENFURT	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.15	
						UNICREDIT BANK AUSTRIA AG	6.63	
10	CAMFIN S.P.A. Issued capital EUR 110,000,000	MILAN	MILAN	8	5	UNICREDIT SPA	8.53	15.82
11	CASH SERVICE COMPANY AD Issued capital BGN 12,500,000	SOFIA	SOFIA	8	5	UNICREDIT BULBANK AD	25.00	
12	CBD INTERNATIONAL SP.ZO.O. Issued capital PLN 100,500	WARSAW	WARSAW	8	2	ISB UNIVERSALE BAU GMBH	49.75	
13	CNP UNICREDIT VITA S.P.A. Issued capital EUR 381,698,529	MILAN	MILAN	8	4	UNICREDIT SPA	38.80	
14	COMPAGNIA AEREA ITALIANA S.P.A. Issued capital EUR 352,940	FIUMICINO (ROME)	FIUMICINO (ROME)	8	5	UNICREDIT SPA	36.59	
15	COMTRADE GROUP B.V. Issued capital EUR 4,522,000	ROTTERDAM	AMSTERDAM	8	5	UNICREDIT BANK AG	21.05	
16	CREDITRAS ASSICURAZIONI SPA Issued capital EUR 52,000,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
17	CREDITRAS VITA SPA Issued capital EUR 112,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
18	DA VINCI S.R.L. Issued capital EUR 100,000	ROME	ROME	8	5	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	37.50	
19	INCONTRA ASSICURAZIONI S.P.A. Issued capital EUR 5,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
20	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE Issued capital HRK 5,000,000	ZAGREB	ZAGREB	8	2	ZAGREBACKA BANKA D.D.	75.00	25.00
21	NOTARTREUHANDBANK AG Issued capital EUR 8,030,000	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	25.00	
22	OBERBANK AG Issued capital EUR 105,864,000	LINZ	LINZ	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.76	
						UNICREDIT BANK AUSTRIA AG	3.41	
23	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT Issued capital EUR 130,000,000	VIENNA	VIENNA	8	1	CABET-HOLDING GMBH	24.75	
						SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
						UNICREDIT BANK AUSTRIA AG	16.14	
24	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH Issued capital EUR 100,000	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	29.30	

## Part B - Consolidated balance sheet - Assets

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	NATURE OF RELATIONSHIP <sup>(2)</sup>	OWNERSHIP RELATIONSHIP		
					HELD BY	HOLDING %	VOTING RIGHTS % <sup>(2)</sup>
25 PSA PAYMENT SERVICES AUSTRIA GMBH Issued capital EUR 285,000	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	24.00	
26 RCI FINANCIAL SERVICES S.R.O. Issued capital CZK 70,000,000	PRAGUE	PRAGUE	8	2	UNICREDIT LEASING CZ, A.S.	50.00	49.86
27 RISANAMENTO SPA* Issued capital EUR 197,951,784	MILAN	MILAN	8	5	UNICREDIT SPA	22.23	
28 UNI GEBAEUEMANAGEMENT GMBH Issued capital EUR 18,168	LINZ	LINZ	8	2	BA GVG-HOLDING GMBH	50.00	
29 WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG Issued capital EUR 15,550,309	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	21.54	

## Notes:

\* Company classified in the Financial Statements as "non-current assets and disposal groups classified as held for sale" according to IFRS5 and therefore valued at minor between fair value net of cost to sell and booking value. The latter is determined by interrupting the valuation at Equity starting from the date of IFRS5 classification.

(1) Type of relationship:

7 = joint control;

8 = associates.

(2) Voting rights available at the general meeting. Voting rights are disclosed only if different from the percentage of ownership;

(3) Nature of relationship:

1= Banks;

2= Financial entities

3= Ancillary banking entities services;

4= Insurance enterprises;

5= Non-financial enterprises;

6= Other equity investments.

Refer to Section 3 of Part A - Accounting policies for a description of the consolidation procedures and scope.

Joint ventures or companies under significant influence, consolidated at equity or classified as non-current assets and assets disposal groups, decreased from 31 as at 31 December 2020 to 29 as at 31 December 2021 due to 1 decrease as disposals and 1 change of the consolidation method.

The following table shows changes in equity investments in Joint Ventures and in companies under significant influence (consolidated at Net Equity).

## Equity investments in joint ventures and in companies under significant influence (consolidated at net equity): annual changes

	NUMBER OF COMPANIES
<b>A. Opening balance (from previous year)</b>	<b>31</b>
<b>B. Increased by</b>	<b>-</b>
B.1 Newly established companies	-
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	-
<b>C. Reduced by</b>	<b>2</b>
C.1 Disposal/Liquidation	1
C.2 Change of the consolidation method	1
C.3 Absorption by other entities	-
C.4 Other changes	-
<b>D. Closing balance</b>	<b>29</b>

## Increases

During the period there were no changes in newly established companies, change of the consolidation method and entities consolidated for the first time in the year.

## Reductions

## Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
CAPITAL DEV SPA	ROME

## Change of the consolidation method

COMPANY NAME	MAIN OFFICE
YAPI VE KREDİ BANKASI AS	ISTANBUL

## Part B - Consolidated balance sheet - Assets

On 27 October 2021 UniCredit Board of Directors approved the sale up to the entire 20% stake in Yapi VE Kredi Bankasi A.S. through several possible options, including: (i) an Accelerated Bookbuilding offering (ABB) to institutional investors; (ii) disposal on the market. On 8 November 2021, Koç Holding confirmed to UniCredit the irrevocable decision to exercise the right of first offer for a number of shares representing 18% of the issued share capital of Yapi VE Kredi Bankasi A.S., with closing by first quarter 2022 (conditional on approval by Regulators) at a price already defined in Turkish Lira equal to TRY 2.298 per share.

Yapi VE Kredi Bankasi A.S. stake was consequently reclassified in Asset Held for Sale with a negative P&L impact for -€76 million.

At the end of November, a stake in Yapi VE Kredi Bankasi A.S. equal to 2% was sold on the market, generating a negative P&L impact for -€155 million.

On 28 December, Yapi VE Kredi Bankasi A.S. Board of Directors members appointed by UniCredit resigned, triggering the loss of significant influence generating a negative P&L impact for -€1,461 million, with the consequent deconsolidation of Yapi VE Kredi Bankasi A.S. residual stake of 18% and the recognition of the equity investment in item 20. Financial assets mandatorily at fair value.

The following table shows the breakdown of item "70. Equity investments", reporting the adopted accounting method, held either directly or through consolidated subsidiaries.

	(million)	
	NUMBER OF ENTITY	CARRYING VALUE
Joint ventures accounted for under equity method	3	1
Associates accounted for under equity method	25	3,975
Entities controlled either directly or through consolidated subsidiaries held at cost	95	93
Joint Venture held either directly or through consolidated subsidiaries at cost	1	-
Associates held either directly or through consolidated subsidiaries at cost	8	4
<b>Total</b>	<b>132</b>	<b>4.073</b>

### 7.2 Significant Shareholdings: book value, fair value and dividends received

	(€ million)			
COMPANY NAME	BALANCE SHEET VALUE	FAIR VALUE <sup>(*)</sup>	DIVIDENDS RECEIVED <sup>(**)</sup>	NOTE <sup>(***)</sup>
<b>A. Companies under joint control</b>	-	-	-	
<b>B. Companies subject to significant influence</b>				
AVIVA S.P.A.	294	-	-	(2)
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	699	510	2	(1)
BKS BANK AG	360	196	2	(1)
CNP UNICREDIT VITA S.P.A.	397	-	6	(2)
CREDITRAS VITA S.P.A.	566	-	45	(2)
OBERBANK AG	910	877	7	(1)
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	407	-	16	(2)
<b>Total</b>	<b>3,633</b>	<b>1,583</b>	<b>78</b>	

#### Notes:

(\*) It should be noted that all investments in listed associates show a fair value at Level 1 (L1).

(\*\*) Dividends received by the investor company.

(\*\*\*) In the present table and in the following relating to significant shareholdings the values are referred to the last financial statement in line with IAS28 requirements.

(1) It should be noted that on the basis of the International Accounting Standards, equity investments in associates listed on regulated markets with a fair value (quotation) lower than consolidated book value are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the recoverable value is lower than the book value.

As at 31 December 2021 for Bank Fuer Tirol und Vorarlberg Aktiengesellschaft the recoverable value was lower than the book value therefore a write-down was recognized; for Bks Bank AG and Oberbank AG the recoverable value was higher than the book value therefore a write-back of previous impairment was recognized. For more details see Part C - Information on Consolidated income statement - Section 17 - Gain (Losses) of equity investments - Item 250 of Notes to the consolidated accounts.

(2) Note that on the basis of the International Accounting Standards, equity investments in associates for which there is clear evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the recoverable value is lower than the book value. Note that none relevant write-down or write-back was recognised for these companies.

Financial information of the investee companies used for the purposes of measurement with the net equity method is presented below. These figures include any adjustments made in line with paragraph B14 of IFRS12 requirements.



## Part B - Consolidated balance sheet - Assets

## 7.3 Significant Shareholdings: accounting information

(€ million)

COMPANY NAME	CASH AND LIQUID ASSETS	FINANCIAL ASSET	NON-FINANCIAL ASSET	FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	THE INTEREST MARGIN
<b>A. Companies under joint control</b>	-	-	-	-	-	-	-
<b>B. Companies subject to significant</b>							
AVIVA S.P.A.	X	17,583	550	-	17,824	4,572	X
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	10,631	503	11,796	333	342	X
BKS BANK AG	X	8,887	167	8,840	219	291	X
CNP UNICREDIT VITA S.P.A.	X	17,978	1,085	308	17,748	4,989	X
CREDITRAS VITA S.P.A.	X	34,276	1,795	26,004	9,026	758	X
OBERBANK AG	X	22,052	500	22,834	826	688	X
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	32,161	113	30,667	1,450	426	X

continued: 7.3 Significant Shareholdings: accounting information

COMPANY NAME	ADJUSTMENTS TO THE BACKS ON TANGIBLE AND INTAGIBLE ASSETS	PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM GROUP OF ASSETS HELD FOR SALE NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	OTHER COMPREHENSIVE INCOME (3)=(1)+(2)
<b>A. Companies under joint control</b>	-	-	-	-	-	-	-
<b>B. Companies subject to significant influence</b>							
AVIVA S.P.A.	X	98	71	-	71	-	71
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	81	81	-	81	6	87
BKS BANK AG	X	112	99	-	99	15	114
CNP UNICREDIT VITA S.P.A.	X	90	64	-	64	11	75
CREDITRAS VITA S.P.A.	X	198	139	-	139	5	144
OBERBANK AG	X	283	234	-	234	26	260
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	84	60	-	60	6	66

For each significant equity investment the reconciliation between the book value of the equity investment and financial information of the companies is reported below.

(€ million)

COMPANY NAME	BALANCE SHEET VALUE	EQUITY PROQUOTA	GOODWILL ON CONSOLIDATION
<b>A. Companies under joint control</b>	-	-	-
<b>B. Companies subject to significant influence</b>			
AVIVA S.P.A.	294	294	-
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	699	865	-
BKS BANK AG	360	410	-
CNP UNICREDIT VITA S.P.A.	397	391	6
CREDITRAS VITA S.P.A.	566	566	-
OBERBANK AG	910	867	43
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	407	407	-

With reference to the nature of the relationships see paragraph 7.1 of this Section.

The carrying amount of the investments in Bank Fuer Tirol und Vorarlberg Aktiengesellschaft and in Bks Bank AG is affected by write-downs made in the current year and in the previous ones.

## Part B - Consolidated balance sheet - Assets

Aggregated financial information are disclosed for the related stake in the equity held.

## 7.4 Non-significant equity investments: accounting information

(€ million)

	BALANCE SHEET VALUE OF SHAREHOLDING	TOTAL ASSET	TOTAL LIABILITIES	TOTAL REVENUES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	COMPREHENSIVE INCOME (3) = (1) + (2)
Companies under joint control	1	19	17	-	-	-	-	-	-
Companies subject to significant influence	342	2,237	1,892	187	58	-	58	9	67

## Notes:

Note that on the basis of the International Accounting Standards, equity investments in associates for which there is clear evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the recoverable value is lower than the book value.

## 7.5 Equity investments: annual changes

(€ million)

	CHANGES IN	
	2021	2020
<b>A. Opening balance</b>	<b>4,354</b>	<b>4,787</b>
<b>B. Increases</b>	<b>716</b>	<b>422</b>
of which: business combinations	-	-
B.1 Purchases	1	10
B.2 Write-backs	89	8
B.3 Revaluation	-	-
B.4 Other changes	626	404
<b>C. Decreases</b>	<b>997</b>	<b>855</b>
of which: business combinations	-	437
C.1 Sales	4	438
C.2 Write-downs	361	116
C.3 Impairment	-	-
C.4 Other changes	632	301
<b>D. Closing balance</b>	<b>4,073</b>	<b>4,354</b>
<b>E. Total revaluation</b>	<b>-</b>	<b>-</b>
<b>F. Total write-downs</b>	<b>422</b>	<b>1,906</b>

## 7.6 Valuation and significant assumptions to establish the existence of joint control or significant influence

The Group has classified among associates the entities governed through voting rights with reference to which it can participate in defining the operating or financial policies through possession of at least 20% of the voting rights or the possibility of appointing members of the governing body. In particular, as shown in Table "7.1 Equity investments: information on shareholding relationships", it should be noted that the investee CAMFIN S.p.A. is classified among associates, although the Group does not have more than 20% of the voting rights, in virtue of the possibility of appointing members of the governing body.

The Group has classified its investees among jointly-controlled equity investments in the presence of agreements that state that decisions on significant activities are taken with the unanimous consent of all parties that share control. These agreements, in particular, attribute to the Group rights related only to the net assets and not rights to the assets and obligations on the liabilities of the investee.

As at 31 December 2021 the following were carried at cost:

- 9 equity investments (all held either directly or through consolidated subsidiaries) in associates;
- 1 equity investment (held through consolidated subsidiary) in jointly-controlled companies.

Based on available information, it should be considered that their consolidation at equity would not have impacted significantly the Group Shareholders' equity.

## Part B - Consolidated balance sheet - Assets

### 7.7 Commitments related to equity investments in jointly-controlled companies

There are no commitments related to jointly-controlled companies.

### 7.8 Commitments related to equity investments in companies subject to significant influence

As at 31 December 2021, the Group is committed to subscribe a capital increase up to €2.5 million into the Maccorp Italiana S.p.A. once it is approved by the Company (capital increase executed on 18 January 2022).

### 7.9 Significant restrictions

As at 31 December 2021, we note, with reference to Value Transformation Services S.p.A., the existence of a shareholders' agreement which limits the Group's possibility to participate in the profits, in the form of dividend distribution, and in the losses to a maximum amount of €300,000.

Finally, the ability to receive dividends or capital distributions from associates is subordinated to the majority, also qualified, or unanimous decision of the relevant corporate body as provided by the law or by specific shareholder agreements.

### 7.10 Other information

With reference to significant equity investments in associates and jointly-controlled companies, the net equity method was applied starting from the 2021 draft financial statements approved by the competent corporate bodies or from the reports approved in the three previous months.

With reference to non-significant equity investments in associates and jointly-controlled companies, in limited cases financial statements or reports with a date prior to 3 months from 31 December 2021 were used, if no more up-to-date reports were available.

However, if financial statements or reports with a date other than 31 December 2021 were used, no subsequent transactions or events emerged such as to require an adjustment of the results contained therein.

It should be noted that for the associated company Compagnia Aerea Italiana S.p.A., the book value in the consolidated financial statements reflects the valuation of this investment, carried out by UniCredit S.p.A. at individual level.

Finally, it should be noted that as at 31 December 2021 UniCredit group has in place several alliance agreements, as well as several shareholders' agreements stipulated with other parties under the scope of co-investment agreements (e.g. agreements for the establishment of joint ventures), with special reference to the insurance sector. Under the scope of these agreements, as per market practice, there are investment protective clauses which, depending on the case, allow the parties to negotiate their respective positions on the underlying investment in the case of their "exit", through mechanisms that require purchase and/or sale. These provisions are usually applied after a certain period of time and/or when specific events occur, also connected to the underlying distribution agreements.

As at 31 December 2021 UniCredit S.p.A. does not have definitive obligations to purchase the equity investments pertaining to one or more contractual counterparties.

## Section 8 - Insurance reserves charged to reinsurers - Item 80

No data to be disclosed.

## Section 9 - Property, plant and equipment - Item 90

### Valuation of the Group real estate portfolio

The Group adopts the fair value model for the measurement of properties held for investment and the revaluation model for the measurement of properties used in business.

Such approach is deemed to result in reliable and more relevant information for financial statements' users taking into account:

- the expected disposal by 2025 of real estate assets held for investment (IAS40), as fair value model presents a higher capability to approximate the expected disposal price, accounting for the related effects timely in advance;
- the possibility to better represent the equity of the Group, with regard to real estate assets used in business (IAS16), as revaluation model represents the net equity updated in light of current market conditions.

As at 31 December 2021 fair value of both properties held for investment and properties used in business was re-determined through external appraisals.

With reference to the Group, the update of appraisals has led to an overall positive balance sheet effect of €138 million gross of tax, as detailed below:

- for real estate assets used in business the recognition of an increase in the specific valuation reserve for an amount of €157 million gross of tax effect. In addition to this increase, net losses for -€35 million were recognised in the income statement gross of the tax effect;
- for real estate assets held for investment the recognition of an income statement result equal to €16 million gross of the tax effect.

## Part B - Consolidated balance sheet - Assets

With reference to UniCredit S.p.A. the update of appraisals has led to an overall positive balance sheet effect of €37 million gross of tax, as detailed below:

- for real estate assets used in business the recognition of an increase in the specific valuation reserve for an amount of €46 million gross of tax effect. In addition to this increase, net gains for €4 million were recognised in the income statement gross of the tax effect;
- for real estate assets held for investment the recognition of an income statement result equal to -€13 million gross of the tax effect.

It is worth to note that the valuation of properties at current values implies a possible risk of volatility as well as an increase of the so-called real estate risk (for the description of which refer to Part E of the Notes to the consolidated accounts - Other risk included in the Economic Capital).

By reference to the real estate units held as at 31 December 2021 and their corresponding market value overall equal to €5,955 million, has been estimated a sensitivity to the increase/decrease in real estate values of +/-1% equal to approximately €60 million corresponding to approximately +/- 2 basis point of CET1 ratio.

Note the measurement of inventories of property, plant and equipment to the lower between cost and net realizable value has determined the recognition of a net write-down for -€16 million for the most part attributable to UniCredit Leased Asset Management and UniCredit Leasing S.p.A. whose assets and liabilities have been classified as held for sale.

### Real estate restructuring costs

In addition to the above it is worth to note that the carrying value of tangible asset has also been affected by the approval of the Multi Year Plan which foresees a series of real estate initiatives resulting in the release of assets leased over the plan horizon.

The approval of such initiatives triggered the recognition of:

- Impairment of the "Right of Use" assets in case the rented building is expected to be vacated before the expiry of the lease contract;
- Impairment of associated leasehold improvements.

### 9.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

ASSETS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Owned assets</b>	<b>1,216</b>	<b>1,369</b>
a) Land	-	-
b) Buildings	1	1
c) Office furniture and fitting	145	166
d) Electronic systems	441	456
e) Other	629	746
<b>2. Right of use of Leased Assets</b>	<b>1,696</b>	<b>1,982</b>
a) Land	10	10
b) Buildings	1,651	1,938
c) Office furniture and fitting	1	1
d) Electronic systems	-	1
e) Other	34	32
<b>Total</b>	<b>2,912</b>	<b>3,351</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-

It should be noted that the amount presented for owned buildings refers to assets under construction out of scope of the revaluation model application.



## Part B - Consolidated balance sheet - Assets

## 9.3 Property, plant and equipment used in the business: breakdown of revalued assets

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Owned assets</b>	-	-	<b>4,969</b>	-	-	<b>4,869</b>
a) Land	-	-	2,092	-	-	1,980
b) Buildings	-	-	2,877	-	-	2,889
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>2. Right of use of Leased Assets</b>	-	-	-	-	-	-
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>Total</b>	-	-	<b>4,969</b>	-	-	<b>4,869</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>	<b>4,969</b>			<b>4,869</b>		

## 9.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Owned assets</b>	-	-	<b>914</b>	-	-	<b>1,025</b>
a) Land	-	-	425	-	-	456
b) Buildings	-	-	489	-	-	569
<b>2. Right of use of Leased Assets</b>	-	-	<b>72</b>	-	-	<b>67</b>
a) Land	-	-	58	-	-	57
b) Buildings	-	-	14	-	-	10
<b>Total</b>	-	-	<b>986</b>	-	-	<b>1,092</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	61	-	-	63
<b>Total Level 1, Level 2 and Level 3</b>	<b>986</b>			<b>1,092</b>		

## 9.5 Inventories of property, plant and equipment regulated by IAS2: breakdown

(€ million)

ASSETS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Inventories of property, plant and equipment obtained through the enforcement of guarantees received</b>	<b>41</b>	<b>615</b>
a) Land	25	35
b) Buildings	10	572
c) Office furniture and fitting	-	-
d) Electronic systems	-	-
e) Other	6	8
<b>2. Other inventories of property, plant and equipment</b>	<b>3</b>	<b>12</b>
<b>Total</b>	<b>44</b>	<b>627</b>
<i>of which: measured at fair value less costs to sell</i>	<b>1</b>	-

It should be noted that the significant decrease in item "1. Inventories of property, plant and equipment obtained through the enforcement of guarantees received" is mainly due to the classification of the companies UniCredit Leased Asset Management and UniCredit Leasing S.p.A. as held for sale.

## Part B - Consolidated balance sheet - Assets

## 9.6 Property, plant and equipment used in the business: annual changes

(€ million)

	CHANGES IN 2021					TOTAL
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	
<b>A. Gross opening balance</b>	<b>1,990</b>	<b>7,751</b>	<b>1,098</b>	<b>2,726</b>	<b>1,657</b>	<b>15,222</b>
A.1 Total net reduction in value	-	(2,923)	(931)	(2,269)	(879)	(7,002)
A.2 Net opening balance	1,990	4,828	167	457	778	8,220
<b>B. Increases</b>	<b>173</b>	<b>481</b>	<b>19</b>	<b>147</b>	<b>221</b>	<b>1,041</b>
B.1 Purchases	2	211	13	140	211	577
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	33	-	-	-	33
B.3 Write-backs	-	13	-	-	-	13
B.4 Increases in fair value	159	124	-	-	-	283
a) In equity	156	107	-	-	-	263
b) Through profit or loss	3	17	-	-	-	20
B.5 Positive exchange differences	-	19	-	2	4	25
B.6 Transfer from properties held for investment	9	46	X	X	X	55
B.7 Other changes	3	35	6	5	6	55
<b>C. Reductions</b>	<b>61</b>	<b>780</b>	<b>40</b>	<b>163</b>	<b>336</b>	<b>1,380</b>
C.1 Disposals	2	60	-	1	90	153
<i>of which: business combinations</i>	-	-	-	-	-	-
C.2 Depreciation	1	423	29	151	143	747
C.3 Impairment losses	-	82	10	9	5	106
a) In equity	-	-	-	-	-	-
b) Through profit or loss	-	82	10	9	5	106
C.4 Reduction of fair value	47	114	-	-	-	161
a) In equity	44	62	-	-	-	106
b) Through profit or loss	3	52	-	-	-	55
C.5 Negative exchange differences	-	2	-	-	2	4
C.6 Transfer to	5	51	-	1	86	143
a) Property, plant and equipment held for investment	4	33	X	X	X	37
b) Non-current assets and disposal groups classified as held for sale	1	18	-	1	86	106
C.7 Other changes	6	48	1	1	10	66
<b>D. Net final balance</b>	<b>2,102</b>	<b>4,529</b>	<b>146</b>	<b>441</b>	<b>663</b>	<b>7,881</b>
D.1 Total net reduction in value	-	(3,450)	(936)	(2,335)	(877)	(7,598)
D.2 Gross closing balance	2,102	7,979	1,082	2,776	1,540	15,479
<b>E. Carried at cost</b>	<b>1,979</b>	<b>2,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,847</b>

## Part B - Consolidated balance sheet - Assets

## 9.7 Property, plant and equipment held for investment: annual changes

(€ million)

	CHANGES IN 2021		
	LANDS	BUILDINGS	TOTAL
<b>A. Opening balances</b>	<b>513</b>	<b>579</b>	<b>1,092</b>
<b>B. Increases</b>	<b>48</b>	<b>71</b>	<b>119</b>
B.1 Purchases	1	1	2
<i>of which: business combinations</i>	-	-	-
B.2 Capitalised expenditure on improvements	-	4	4
B.3 Increases in fair value	40	24	64
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	1	1
B.6 Transfer from properties used in the business	4	33	37
B.7 Other changes	3	8	11
<b>C. Reductions</b>	<b>78</b>	<b>147</b>	<b>225</b>
C.1 Disposals	16	36	52
<i>of which: business combinations</i>	-	-	-
C.2 Depreciation	1	-	1
C.3 Reductions in fair value	17	31	48
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	1	1
C.6 Transfer to	40	76	116
a) Properties used in the business	9	46	55
b) Non-current assets and disposal groups classified as held for sale	31	30	61
C.7 Other changes	4	3	7
<b>D. Closing balances</b>	<b>483</b>	<b>503</b>	<b>986</b>
<b>E. Measured at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 9.8 Inventories of property, plant and equipment regulated by IAS2: annual changes

(€ million)

	CHANGES IN 2021						TOTAL
	INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT OBTAINED BY ENFORCEMENT OF COLLATERAL					OTHER INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT	
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER		
A. Opening balances	35	572	-	-	8	12	627
B. Increases	1	44	-	-	22	5	72
B.1 Purchases	-	11	-	-	-	3	14
of which: business combinations	-	-	-	-	-	-	-
B.2 Write-backs	-	-	-	-	-	1	1
B.3 Positive exchange differences	-	-	-	-	-	-	-
B.4 Other changes	1	33	-	-	22	1	57
C. Reductions	11	606	-	-	24	14	655
C.1 Disposals	3	89	-	-	22	12	126
of which: business combinations	-	-	-	-	-	-	-
C.2 Impairment losses	-	15	-	-	1	1	17
C.3 Negative exchange differences	-	-	-	-	-	-	-
C.4 Other changes	8	502	-	-	1	1	512
D. Closing balances	25	10	-	-	6	3	44

## 9.9 Commitments to purchase property, plant and equipment

(€ million)

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
A. Contractual commitments	6	1

Outstanding commitments refer to the purchase of property, plant and equipment.

## Part B - Consolidated balance sheet - Assets

### Section 10 - Intangible assets - Item 100

An intangible asset is an identifiable non-monetary asset without physical substance, to be used for several years.

Intangible assets may include goodwill and, among "other intangible assets", brands, customer relationships and software.

As at 31 December 2021 intangible assets amounted to €2,213 million and mostly referred to software, slightly increased in comparison to €2,117 million as at 31 December 2020.

#### 10.1 Intangible assets: breakdown by asset type

ASSETS/VALUES	AMOUNTS AS AT 12.31.2021		AMOUNTS AS AT 12.31.2020	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
<b>A.1 Goodwill</b>	<b>X</b>	<b>-</b>	<b>X</b>	<b>-</b>
A.1.1 Attributable to the Group	X	-	X	-
A.1.2 Attributable to minorities	X	-	X	-
<b>A.2 Other intangible assets</b>	<b>2,213</b>	<b>-</b>	<b>2,117</b>	<b>-</b>
<i>of which: software</i>	<i>2,211</i>	<i>-</i>	<i>2,115</i>	<i>-</i>
A.2.1 Assets carried at cost	2,213	-	2,117	-
a) Intangible assets generated internally	1,747	-	1,644	-
b) Other assets	466	-	473	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>2,213</b>	<b>-</b>	<b>2,117</b>	<b>-</b>
<b>Total finite and indefinite life</b>	<b>2,213</b>		<b>2,117</b>	

The Group does not use the revaluation model (fair value) to measure intangible assets.



## Part B - Consolidated balance sheet - Assets

## 10.2 Intangible assets: annual changes

(€ million)

	CHANGES IN 2021					TOTAL
	OTHER INTANGIBLE ASSETS					
	GENERATED INTERNALLY			OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	
A. Gross opening balance	15,708	4,649	-	5,100	902	26,359
A.1 Total net reduction in value	(15,708)	(3,005)	-	(4,627)	(902)	(24,242)
A.2 Net opening balance	-	1,644	-	473	-	2,117
B. Increases	-	580	-	184	-	764
B.1 Purchases	-	37	-	150	-	187
B.2 Increases in intangible assets generated internally	X	528	-	-	-	528
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	7	-	10	-	17
B.6 Other changes	-	8	-	24	-	32
of which: business combinations	-	-	-	-	-	-
C. Reduction	-	477	-	191	-	668
C.1 Disposals	-	-	-	-	-	-
C.2 Write-downs	-	457	-	164	-	621
- Amortisation	X	353	-	145	-	498
- Write-downs	-	104	-	19	-	123
+ In equity	X	-	-	-	-	-
+ Through profit or loss	-	104	-	19	-	123
C.3 Reduction in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	3	-	18	-	21
C.5 Negative exchange differences	-	2	-	5	-	7
C.6 Other changes	-	15	-	4	-	19
of which: business combinations	-	-	-	-	-	-
D. Net closing balance	-	1,747	-	466	-	2,213
D.1 Total net write-down	(15,736)	(3,411)	-	(4,683)	(902)	(24,732)
E. Gross closing balance	15,736	5,158	-	5,149	902	26,945
F. Carried at cost	-	-	-	-	-	-

It shall be noted that the annual changes in gross closing balance and total net write-down, compared to the values as at 31 December 2020, are due to goodwill of legal entities which reporting currency is different to Euro, completely impaired in the previous periods.

As at 31 December 2021, UniCredit Services S.c.p.A. and its subsidiary UniCredit Services GmbH booked write-downs for an amount of €139 million on intangible assets, referred: (i) for €99 million to intangible assets generated internally; (ii) for €27 million to the review of the useful life of some assets; (iii) for €13 million due to reversal of 2021 asset under construction referred to project stopped.

Specifically, with the new Strategic plan "UniCredit Unlocked" and the new ICT strategies, the afore mentioned companies assessed the existence of a significant impact on landscape of banking business applications, as well as on ICT Platforms technology. Consequently, the companies executed an extraordinary impairment test campaign on generated internally software, in order to verify the existence of benefits associated to the assets in production from some years; as a result, the afore mentioned write-downs were recognised, especially with reference to projects, ICT applications and platforms which turned into obsolescence.

## 10.3 Intangible assets: other information

There is no significant information to be reported.

## Part B - Consolidated balance sheet - Assets

## Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)

## 11.1 Deferred tax assets: breakdown

(€ million)

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Deferred tax assets arising from Italian law 214/2011	6,239	7,491
Deferred tax assets arising from tax losses <sup>(*)</sup>	2,262	1,120
Deferred tax assets arising from temporary differences	4,490	4,413
Financial assets and liabilities (different from loans and deposits)	200	173
Loans and deposits to/from banks and customers	985	967
Hedging and hedged item revaluation	710	629
Property, plant and equipment and intangible assets different from goodwill	258	258
Goodwill and equity investments	3	3
Current assets and liabilities held for sale	-	-
Other assets and Other liabilities	344	431
Provisions, pension funds and similar	1,990	1,952
Other	-	-
Accounting offsetting	(1,393)	(1,663)
<b>Total</b>	<b>11,598</b>	<b>11,361</b>

Note:

(\*) The item includes tax credit IRAP deriving from the conversion of the ACE benefit for €195 million.

## 11.2 Deferred tax liabilities: breakdown

(€ million)

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Deferred tax liabilities arising from temporary differences	1,981	2,229
Financial assets and liabilities (different from loans and deposits)	368	634
Loans and deposits to/from banks and customers	85	72
Hedging and hedged item revaluation	570	482
Property, plant and equipment and intangible assets different from goodwill	758	899
Goodwill and equity investments	-	-
Assets and liabilities held for sale	-	-
Other assets and Other liabilities	172	122
Other	28	20
Accounting offsetting	(1,393)	(1,663)
<b>Total</b>	<b>588</b>	<b>566</b>

Deferred Tax Assets (DTAs) totally amount to €11,598 million (compared with €11,361 million as at 31 December 2020), of which:

- €6,239 million (compared with €7,491 million as of 31 December 2020) can be, under certain circumstances, converted into tax credits pursuant to Law No.214/2011 (i.e., DTA convertible into tax credits);
- €3,097 million, net of the accounting offsetting, are related to temporary effects (i.e. costs and write-offs deductible in future years) which are non-convertible into tax credits, and
- €2,262 million are tax losses carried forward (TLCF), of which:
  - €2,067 million are DTAs on TLCF, mainly related to: UniCredit S.p.A., also as Italian Tax Group Parent Company, for €2,002 million; UniCredit Bank Austria AG for €185 million, and to UniCredit Bank AG for €17 million.
  - €195 million are a tax credit IRAP deriving from the conversion of the ACE (so called Aiuto alla Crescita Economica) benefit.

The above-mentioned amounts are the ones resulting from the sustainability test provided for IAS12, which, taking into account the economic projections foreseeable for future years and the peculiarities of the fiscal legislations of each country, checks whether there are future taxable incomes against which TLCF can be offset. For further info concerning sustainability test refer to "Section 10 Tax assets and liabilities - Item 100 (Assets) and Item 60 (Liabilities)" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Assets.

At Group level, total not recognised DTAs on TLCF are equal to €2,702 million of which: €2,072 million relate to UniCredit S.p.A. for, €331 million relate to the UniCredit Bank AG Sub-Group and €270 million to the UniCredit Bank Austria AG Sub-Group.

## Part B - Consolidated balance sheet - Assets

For deferred tax assets and liabilities of UniCredit S.p.A., also as the Italian Tax Group Parent Company, reference is made to "Section 10 Tax assets and liabilities - Item 100 (Assets) and Item 60 (Liabilities)" of Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Assets, which is herewith quoted entirely.

### 11.3 Deferred tax assets: annual changes (balancing P&L)

			(€ million)
		CHANGES IN	
		2021	2020
<b>1. Opening balance</b>		<b>9,356</b>	<b>10,178</b>
<b>2. Increases</b>		<b>3,706</b>	<b>3,261</b>
2.1 Deferred tax assets arisen during the year		2,049	1,642
a) Relating to previous years		93	218
b) Due to change in accounting criteria		-	-
c) Write-backs		1,514	411
d) Other		442	1,013
2.2 New taxes or increases in tax rates		-	12
2.3 Other increases		1,657	1,607
<b>3. Decreases</b>		<b>3,534</b>	<b>4,083</b>
3.1 Deferred tax assets derecognised during the year		1,274	1,835
a) Reversals of temporary differences		990	742
b) Write-downs of non-recoverable items		42	772
c) Change in accounting criteria		-	-
d) Other		242	321
3.2 Reduction in tax rates		2	-
3.3 Other decreases		2,258	2,248
a) Conversion into tax credit under Italian Law 214/2011		877	806
b) Other		1,381	1,442
<b>4. Closing balance</b>		<b>9,528</b>	<b>9,356</b>

For the portion of deferred tax assets arising from tax losses carried forward to subsequent years, please refer to the table 11.1 of this section of the Notes to the accounts.

The sub-item "2.1 c) Write-backs" reports the effects of the recognition in the income statement of DTA TLCF arising from the results of the sustainability test; the sub-items "2.3 Other increases" and "3.3 Other decreases" b) Other" include the effect of netting DTA/DTL of previous and current year.

For a homogeneous comparison the amounts referring to the year 2020 of the sub-items "2.1 c) Write-backs" and "3.1 a) Reversals of temporary differences" have been restated, previously classified respectively under the item "2.1 d) Other" and "3.1 d) Other".

### 11.4 Deferred tax assets (Italian Law 214/2011): annual changes

			(€ million)
		CHANGES IN	
		2021	2020
<b>1. Opening balance</b>		<b>7,491</b>	<b>8,302</b>
<b>2. Increases</b>		<b>1</b>	<b>3</b>
<b>3. Decreases</b>		<b>1,253</b>	<b>814</b>
3.1 Reversals of temporary differences		301	5
3.2 Conversion into tax credits		877	806
a) Due to loss positions arisen from P&L		410	100
b) Due to tax losses		467	706
3.3 Other decreases		75	3
<b>4. Closing balance</b>		<b>6,239</b>	<b>7,491</b>

In accordance with the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments), starting from 31 December 2018, the table shows the deferred tax asset annual changes of which L.214/2011 both equity balancing and income statement balancing.

## Part B - Consolidated balance sheet - Assets

## 11.5 Deferred tax liabilities: annual changes (balancing P&amp;L)

(€ million)

	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>187</b>	<b>320</b>
<b>2. Increases</b>	<b>1,053</b>	<b>1,052</b>
2.1 Deferred tax liabilities arisen during the year	130	100
a) Relating to previous years	4	10
b) Due to change in accounting criteria	1	1
c) Other	125	89
2.2 New taxes or increases in tax rates	-	7
2.3 Other increases	923	945
<b>3. Decreases</b>	<b>1,012</b>	<b>1,185</b>
3.1 Deferred tax liabilities derecognised during the year	209	221
a) Reversals of temporary differences	165	184
b) Due to change in accounting criteria	-	-
c) Other	44	37
3.2 Reduction in tax rates	1	-
3.3 Other decreases	802	964
<b>4. Closing balance</b>	<b>228</b>	<b>187</b>

The items "2.3 Other increases" and "3.3 Other decreases" include the effect of netting DTA/DTL of previous and current year.

For a homogeneous comparison the amount related to subitem "3.1 a) Deferred tax liabilities derecognised during the year - Reversals of temporary differences" at 31 December 2020, previously classified under the subitem "3.1 c) Other", has been restated.

## 11.6 Deferred tax assets: annual changes (balancing Net Equity)

(€ million)

	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>2,005</b>	<b>1,951</b>
<b>2. Increases</b>	<b>357</b>	<b>514</b>
2.1 Deferred tax assets arisen during the year	114	148
a) Relating to previous years	2	-
b) Due to change in accounting criteria	-	-
c) Other	112	148
2.2 New taxes or increase in tax rates	-	7
2.3 Other increases	243	359
<b>3. Decreases</b>	<b>292</b>	<b>460</b>
3.1 Deferred tax assets derecognised during the year	85	53
a) Reversals of temporary differences	83	19
b) Write-downs of non-recoverable items	-	34
c) Due to change in accounting criteria	-	-
d) Other	2	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	207	407
<b>4. Closing balance</b>	<b>2,070</b>	<b>2,005</b>

## Part B - Consolidated balance sheet - Assets

### 11.7 Deferred tax liabilities: annual changes (balancing Net Equity)

(€ million)		
	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>379</b>	<b>373</b>
<b>2. Increases</b>	<b>852</b>	<b>831</b>
2.1 Deferred tax liabilities arisen during the year	92	112
a) Relating to previous years	4	-
b) Due to change in accounting criteria	-	-
c) Other	88	112
2.2 New taxes or increase in tax rates	-	12
2.3 Other increases	760	707
<b>3. Decreases</b>	<b>871</b>	<b>825</b>
3.1 Deferred tax liabilities derecognised during the year	291	52
a) Reversal of temporary differences	114	51
b) Due to change in accounting criteria	-	-
c) Other	177	1
3.2 Reduction in tax rates	-	-
3.3 Other decreases	580	773
<b>4. Closing balance</b>	<b>360</b>	<b>379</b>

The sub-items "2.3 Other increases" and "3.3 Other decreases" include the effect of netting DTA/DTL of previous and current year.

### 11.8 Other informations

Referring to financial year 2020, UniCredit S.p.A. and UniCredit Leasing S.p.A. registered a loss in their separate financial statements and in 2021 they converted respectively €383.7 and €26.4 million of Deferred Tax Assets (DTA) into tax credits (pursuant to Art.2, paragraph 55, of Law Decree No.225/2010).

## Section 12 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities)

Non-current assets or groups of assets and directly connected liabilities, which constitute a set of cash flow generating assets, the sale of which is highly likely, are recognised under these items. They are measured at the lower value between the book value and the fair value less costs to sell according to IFRS5.

In the balance sheet as at 31 December 2021, compared with 31 December 2020, the main variations are referred to: (i) the inclusion of the controlled companies UniCredit Leasing S.p.A. and its subsidiary, Uctam SVK S.R.O., UniCredit Leasing GMBH and its subsidiaries and UniCredit Leasing, Leasing, D.O.O.; (ii) the sale of the companies of Sia UniCredit Leasing group; (iii) the inclusion of the loans related to sale initiatives of portfolios, mainly in UniCredit S.p.A.

It should be noted that the reclassification of Leasing companies has generated a negative profit and loss impact for -€554 million, mainly attributable to item "130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost".

During the year the assets and liabilities of DC Bank AG group companies were reclassified from Held for Sale back to the proper items.

Furthermore, it should be noted that during the fourth quarter the associated company Yapi VE Kredi Bankasi A.S. has been attributed to the non-current assets and asset disposal groups and deconsolidated thereafter following the loss of significant influence (for further details refer to Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70, 7.1 Equity investments: information on shareholders' equity).

As regards the data for asset relating to discontinued operations, and associated liabilities, the figure as at 31 December 2021 refers to the controlled company OT-Optima Telekom (Croatia). For further details refer to Notes to the consolidated accounts, Part A - Accounting policies, Section 4 - Subsequent events.



## Part B - Consolidated balance sheet - Assets

## 12.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
(€ million)		
<b>A. Assets held for sale</b>		
A.1 Financial assets	12,873	1,499
A.2 Equity investments	16	16
A.3 Property, plant and equipment	870	427
<i>of which: obtained by the enforcement of collateral</i>	527	34
A.4 Intangible assets	26	12
A.5 Other non-current assets	431	58
<b>Total (A)</b>	<b>14,216</b>	<b>2,012</b>
<i>of which: carried at cost</i>	1,528	233
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	40	912
<i>of which: designated at fair value - level 3</i>	12,648	867
<b>B. Discontinued operations</b>		
B.1 Financial assets at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily at fair value	-	-
B.2 Financial assets at fair value through other comprehensive income	-	-
B.3 Financial assets at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
<i>of which: obtained by the enforcement of collateral</i>	-	-
B.6 Intangible assets	13	-
B.7 Other assets	58	5
<b>Total (B)</b>	<b>71</b>	<b>5</b>
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	71	-
<i>of which: designated at fair value - level 3</i>	-	5
<b>C. Liabilities associated with assets classified as held for sale</b>		
C.1 Deposits	1,551	503
C.2 Securities	-	-
C.3 Other liabilities	544	245
<b>Total (C)</b>	<b>2,095</b>	<b>748</b>
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	-	95
<i>of which: designated at fair value - level 3</i>	2,095	653
<b>D. Liabilities associated with discontinued operations</b>		
D.1 Financial liabilities at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	54	13
<b>Total (D)</b>	<b>54</b>	<b>13</b>
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	54	-
<i>of which: designated at fair value - level 3</i>	-	13

## Part B - Consolidated balance sheet - Assets

Fair value measurements, made for disclosure purposes only, are classified into a fair value hierarchy that reflects the significance of inputs used in the valuations. For further information see Part A - Accounting policies - A.4 Information on fair value.

As at 31 December 2021 the financial assets classified as non-current assets and disposal groups classified as held for sale included in stage 2 and stage 3 are equal to €5,221 million and €663 million respectively.

### 12.2 Other information

There is no significant information to be reported.

## Section 13 - Other assets - Item 130

### 13.1 Other assets: breakdown

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Margin with derivatives clearers (non-interest bearing)	-	-
Gold, silver and precious metals	127	107
Accrued income and prepaid expenses other than capitalised income	508	518
Positive value of management agreements (so-called servicing assets)	-	2
Cash and other valuables held by cashier	125	127
- Current account cheques being settled, drawn on third parties	125	127
- Current account cheques payable by group banks, cleared and in the process of being debited	-	-
- Money orders, bank drafts and equivalent securities	-	-
- Coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and changes to be debited to	214	205
- Customers	208	200
- Banks	6	5
Items in transit between branches not yet allocated to destination accounts	10	-
Items in processing	337	448
Items deemed definitive but not-attributable to other items	2,862	2,520
- Securities and coupons to be settled	65	50
- Other transactions	2,797	2,470
Adjustments for unpaid bills and notes	66	36
Tax items other than those included in item 110	2,013	1,438
Commercial credits pursuant to IFRS15	50	58
Other items	919	1,014
<b>Total</b>	<b>7,231</b>	<b>6,473</b>

It should be noted that, as at 31 December 2021, into the item "Gold, silver and precious metals" are recognized the precious stones (diamonds), for a homogeneous comparison the corresponding figures at 31 December 2020, previously classified under the item "Other items", have been restated.

Referring to item "Commercial credits pursuant to IFRS15" figure at 31 December 2020, previously classified under the item "Other items", has been restated.

Item "Accrued income and prepaid expenses other than capitalised income" includes the contract assets recognised in accordance with IFRS15.

In this context accrued income represents the portion of the performance obligation already satisfied through the services provided by the Group and that will be settled in the future periods in accordance with contractual provisions.

The aggregate amount of revenues from services to customers related to the portion of performance obligations not yet satisfied, and therefore not represented in the table above, is equal to €5.4 million. The majority of this amount relates to performance obligations expected to be satisfied by the following year end reporting date.

It should be noted that during the period there have not been significant changes in the accrued income and prepaid expenses not included in the carrying amount of the relevant financial assets.

## Part B - Consolidated balance sheet - Assets

## Periodic change of accrued income/expenses and prepaid expenses/income

(€ million)

	AMOUNTS AS AT	
	ACCRUED INCOME AND PREPAID EXPENSES	ACCRUED EXPENSES AND DEFERRED INCOME
<b>Opening balance</b>	<b>518</b>	<b>561</b>
<b>Increases</b>	<b>100</b>	<b>104</b>
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	14	24
c) Reversal of impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	-	1
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	-
f) Other	86	79
<b>Decreases</b>	<b>110</b>	<b>163</b>
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	14	23
c) Impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	3	1
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	-
f) Other	93	139
<b>Closing balance</b>	<b>508</b>	<b>502</b>

Note that the item "f) other" include (i) the deferral of income and expenses related to performance obligation that have already been paid but not yet satisfied as well as the recognition in P&L of the amount previously deferred in accordance with the progressive satisfaction of the performance obligation and (ii) the accrual in P&L of the amounts due as a result of the satisfaction of a performance obligation for which the payment is contractually postponed as well as their subsequent settlement.

## Part B - Consolidated balance sheet - Liabilities

## Liabilities

## Section 1 - Financial liabilities at amortised cost - Item 10

## 1.1 Financial liabilities at amortised cost: breakdown by product of deposits from banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Deposits from central banks	108,868	X	X	X	98,388	X	X	X
2. Deposits from banks	53,703	X	X	X	74,085	X	X	X
2.1 Current accounts and demand deposits	10,950	X	X	X	11,336	X	X	X
2.2 Time deposits	10,993	X	X	X	14,701	X	X	X
2.3 Loans	31,156	X	X	X	46,787	X	X	X
2.3.1 Repos	14,444	X	X	X	30,076	X	X	X
2.3.2 Other	16,712	X	X	X	16,711	X	X	X
2.4 Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
2.5 Lease deposits	10	X	X	X	8	X	X	X
2.6 Other deposits	594	X	X	X	1,253	X	X	X
<b>Total</b>	<b>162,571</b>	<b>-</b>	<b>140,935</b>	<b>21,674</b>	<b>172,473</b>	<b>1</b>	<b>89,916</b>	<b>82,851</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>162,609</b>				<b>172,768</b>	

The sub-item "2.3 Loans" includes repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.

The same sub-item do not include the type of bond lending transactions collateralised by securities or not collateralised. Refer also to the paragraph "Other information", Notes to the consolidated accounts, Part B - Consolidated balance sheet.

Deposits from banks are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurements. The increase in the level 2 and the decrease in the level 3 of fair value hierarchy occurred in the item "1. Financial liabilities at amortised cost" mainly derives from the reclassification of the TLTRO exposures liabilities, due to a review of the evaluation model, mostly at UniCredit S.p.A.

For further information see the paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting Policies.

## 1.2 Financial liabilities at amortised cost: breakdown by product of deposits from customers

(€ million)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Current accounts and demand deposits	420,060	X	X	X	395,632	X	X	X
2. Time deposits	50,104	X	X	X	57,347	X	X	X
3. Loans	26,148	X	X	X	41,085	X	X	X
3.1 Repos	23,743	X	X	X	38,496	X	X	X
3.2 Other	2,405	X	X	X	2,589	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
5. Lease deposits	2,050	X	X	X	2,310	X	X	X
6. Other deposits	4,192	X	X	X	4,376	X	X	X
<b>Total</b>	<b>502,554</b>	<b>-</b>	<b>168,502</b>	<b>334,181</b>	<b>500,750</b>	<b>4</b>	<b>192,049</b>	<b>309,509</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>502,683</b>				<b>501,562</b>	

The item "3. Loans" also include liabilities relating to repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation; the same sub-item do not include the type of bond lending transactions collateralised by securities or not collateralised. For further information refer to the paragraph "Other information", Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities.

## Part B - Consolidated balance sheet - Liabilities

Deposits from customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three levels hierarchy that reflects the observability of the inputs used in the measurements. The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as Level 3 in the fair value hierarchy.

For further information see the paragraph "A.4 - Information on fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

### 1.3 Financial liabilities at amortised cost: breakdown by product of debt securities in issue

(€ million)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Debt securities</b>								
1. Bonds	86,093	50,787	26,199	12,946	86,604	49,664	30,186	11,801
1.1 Structured	1,147	134	855	164	1,147	-	969	195
1.2 Other	84,946	50,653	25,344	12,782	85,457	49,664	29,217	11,606
2. Other securities	9,805	-	71	9,738	15,920	-	2,725	13,210
2.1 Structured	47	-	51	-	61	-	68	-
2.2 Other	9,758	-	20	9,738	15,859	-	2,657	13,210
<b>Total</b>	<b>95,898</b>	<b>50,787</b>	<b>26,270</b>	<b>22,684</b>	<b>102,524</b>	<b>49,664</b>	<b>32,911</b>	<b>25,011</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>99,741</b>				<b>107,586</b>	

Fair value measurements, solely for the purpose of fulfilling financial disclosure requirements, are classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value", Notes to the consolidated accounts, Part A - Accounting policies.

The sum of the sub-items "1.1 Bonds - Structured" and "2.1 Other securities -structured" was equal to €1,194 million and accounted for 1.2% of total debt securities. They mainly refer to interest-rate linked instruments with closely related embedded derivatives identified, according to the classification rules of Mifid.

The fair value of derivatives embedded in structured securities, presented in item 20 of Assets and item 20 of Liabilities and included in Trading derivatives - Others, amounted to a net balance of €18 million negative.

### 1.4 Breakdown of subordinated debts/securities

(€ million)

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Deposits from banks	-	-
Deposits from customers	43	90
Debt securities	10,068	10,943
<b>Total</b>	<b>10,111</b>	<b>11,033</b>

### 1.5 Breakdown of structured debts

(€ million)

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Deposits from banks	2	2
Deposits from customers	17	20
<b>Total</b>	<b>19</b>	<b>22</b>



## Part B - Consolidated balance sheet - Liabilities

## 1.6 Amounts payable under finance leases

TIME BUCKET	12.31.2021		12.31.2020	
	CASH OUTFLOWS		CASH OUTFLOWS	
	FINANCE LEASES	OPERATING LEASES	FINANCE LEASES	OPERATING LEASES
Up to 1 year	59	319	62	318
1 year to 2 years	57	294	60	306
2 year to 3 years	56	259	59	279
3 year to 4 years	47	219	57	246
4 year to 5 years	144	187	48	206
Over 5 years	196	408	322	565
<b>Total Lease Payments to be made</b>	<b>559</b>	<b>1,686</b>	<b>608</b>	<b>1,920</b>
<b>RECONCILIATION WITH DEPOSITS</b>				
Unearned finance expenses (-) (Discounting effect)	44	141	55	155
<b>Lease deposits</b>	<b>515</b>	<b>1,545</b>	<b>553</b>	<b>1,765</b>

(€ million)

It should be noted that table 1.6 Amounts payable under finance leases reports the maturity analysis based on time bucket of the lease liability as requested by IFRS16 and the concurrent Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments).

## Section 2 - Financial liabilities held for trading - Item 20

## 2.1 Financial liabilities held for trading: breakdown by product

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021					AMOUNTS AS AT 12.31.2020				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Cash liabilities</b>										
1. Deposits from banks	-	662	179	90	931	250	333	339	14	686
2. Deposits from customers	2,272	7,745	2,347	87	10,178	2,259	5,738	2,321	103	8,163
3. Debt securities	3,290	-	3,028	360	3,382	2,905	-	2,797	298	3,092
3.1 Bonds	1,403	-	1,270	119	1,386	1,595	-	1,314	139	1,452
3.1.1 Structured	1,403	-	1,270	119	X	1,595	-	1,314	139	X
3.1.2 Other	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	1,887	-	1,758	241	1,996	1,310	-	1,483	159	1,640
3.2.1 Structured	1,887	-	1,758	241	X	1,310	-	1,483	159	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
<b>Total (A)</b>	<b>5,562</b>	<b>8,407</b>	<b>5,554</b>	<b>537</b>	<b>14,491</b>	<b>5,414</b>	<b>6,071</b>	<b>5,457</b>	<b>415</b>	<b>11,941</b>
<b>B. Derivatives instruments</b>										
1. Financial derivatives	X	5,912	30,332	531	X	X	4,670	30,557	326	X
1.1 Trading derivatives	X	5,912	29,967	512	X	X	4,670	30,367	305	X
1.2 Linked to fair value option	X	-	130	-	X	X	-	85	-	X
1.3 Other	X	-	235	19	X	X	-	105	21	X
2. Credit derivatives	X	57	185	93	X	X	49	82	160	X
2.1 Trading derivatives	X	57	185	93	X	X	49	74	160	X
2.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	8	-	X
<b>Total (B)</b>	<b>X</b>	<b>5,969</b>	<b>30,517</b>	<b>624</b>	<b>X</b>	<b>X</b>	<b>4,719</b>	<b>30,639</b>	<b>486</b>	<b>X</b>
<b>Total (A+B)</b>	<b>X</b>	<b>14,376</b>	<b>36,071</b>	<b>1,161</b>	<b>X</b>	<b>X</b>	<b>10,790</b>	<b>36,096</b>	<b>901</b>	<b>X</b>
<b>Total Level 1, Level 2 and Level 3</b>		<b>51,608</b>				<b>47,787</b>				

Note:

Fair value\* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.

For further information see the paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting Policies.

## Part B - Consolidated balance sheet - Liabilities

The financial assets and liabilities relating to OTC Derivatives and Repos managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to better present the liquidity profile and counterparty risk connected with them.

The offset effect as at 31 December 2021, already included in the net presentation of these transactions, totaled €42,509 million decreased in comparison to €44,902 million as at 31 December 2020 due to the evolution of reference market conditions.

The sub-item "Deposits from banks" and "Deposits from customers" include short selling totaling €8,772 million as at 31 December 2021 (€6,281 million as at 31 December 2020), in respect of which no nominal amount was attributed.

### 2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities

No data to be disclosed.

### 2.3 Breakdown of "Financial liabilities held for trading": structured debts

			(€ million)
			AMOUNTS AS AT
			12.31.2021 12.31.2020
Deposits from banks	22		22
Deposits from customers	-		-
Debt securities	3,290		2,904
<b>Total</b>	<b>3,312</b>		<b>2,926</b>

## Section 3 - Financial liabilities designated at fair value - Item 30

### 3.1 Financial liabilities designated at fair value: breakdown by product

											(€ million)
AMOUNTS AS AT 12.31.2021						AMOUNTS AS AT 12.31.2020					
TYPE OF TRANSACTIONS/VALUES	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3		
<b>1. Deposits from banks</b>	<b>3</b>	-	2	1	<b>3</b>	<b>5</b>	-	4	1	<b>4</b>	
1.1 Structured	-	-	-	-	X	-	-	-	-	X	
1.2 Other	3	-	2	1	X	5	-	4	1	X	
of which:											
- loan commitments given	-	X	X	X	X	-	X	X	X	X	
- financial guarantees given	-	X	X	X	X	-	X	X	X	X	
<b>2. Deposits from customers</b>	<b>724</b>	-	702	56	<b>748</b>	<b>654</b>	-	657	54	<b>711</b>	
2.1 Structured	-	-	-	-	X	-	-	-	-	X	
2.2 Other	724	-	702	56	X	654	-	657	54	X	
of which:											
- loan commitments given	-	X	X	X	X	-	X	X	X	X	
- financial guarantees given	-	X	X	X	X	-	X	X	X	X	
<b>3. Debt securities</b>	<b>8,632</b>	-	8,203	592	<b>8,607</b>	<b>9,623</b>	-	9,159	693	<b>9,611</b>	
3.1 Structured	8,047	-	7,581	592	X	9,070	-	8,746	631	X	
3.2 Other	585	-	622	-	X	553	-	413	62	X	
<b>Total</b>	<b>9,359</b>	-	8,907	649	<b>9,358</b>	<b>10,282</b>	-	9,820	748	<b>10,326</b>	
<b>Total Level 1, Level 2 and Level 3</b>		<b>9,556</b>				<b>10,568</b>					

**Note:**

Fair value\* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

Liabilities are recognised in this item to reduce the accounting mismatch arising from financial instruments measured with changes in fair value in the income statement in order to manage the risk profile.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.

For further information refer to the paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting policies.

The sub-item "3.1 Debt securities - Structured" includes "Certificates", structured debt securities, issued by UniCredit S.p.A. and by other Group's legal entities. These instruments are designated at fair value as the embedded derivatives cannot be bifurcated.

## Part B - Consolidated balance sheet - Liabilities

## 3.2 Breakdown of "Financial liabilities designated at fair value": subordinated liabilities

No data to be disclosed.

## Section 4 - Hedging derivatives - Item 40

## 4.1 Hedging derivatives: breakdown by type of hedging and by levels

(€ million)

	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial derivatives</b>	<b>294,454</b>	<b>51</b>	<b>4,252</b>	<b>-</b>	<b>244,454</b>	<b>126</b>	<b>5,573</b>	<b>-</b>
1) Fair value	260,022	51	3,709	-	215,873	126	5,080	-
2) Cash flows	34,432	-	543	-	28,581	-	493	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>294,454</b>	<b>51</b>	<b>4,252</b>	<b>-</b>	<b>244,454</b>	<b>126</b>	<b>5,573</b>	<b>-</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>4,303</b>	<b>5,699</b>			

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information refer to "Part A - Accounting policies" of the Notes to the consolidated accounts.

## 4.2 Hedging derivatives: breakdown by hedged portfolios and type of hedging

(€ million)

(€ million)

TRANSACTIONS/HEDGE TYPES	AMOUNTS AS AT 12.31.2021									
	FAIR VALUE							CASH FLOW		FOREIGN INVESTMENTS
	MICRO-HEDGE						MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	
	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHER				
1. Financial assets at fair value through other comprehensive income	279	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	3	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	399	X	456	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399</b>	<b>-</b>	<b>456</b>	<b>-</b>
1. Financial liabilities	2,682	X	-	-	-	-	X	39	X	X
2. Portfolio	X	X	X	X	X	X	88	X	48	X
<b>Total liabilities</b>	<b>2,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>39</b>	<b>48</b>	<b>-</b>
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	309	X	-	-

## Part B - Consolidated balance sheet - Liabilities

### Section 5 - Value adjustment of hedged financial liabilities - Item 50

#### 5.1 Changes to hedged financial liabilities

(€ million)

CHANGES TO HEDGED LIABILITIES/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Positive changes to financial liabilities	5,531	10,182
2. Negative changes to financial liabilities	(4,568)	(4,117)
<b>Total</b>	<b>963</b>	<b>6,065</b>

The decrease in the item is mainly attributable to the evolution in the markets interest rate curves observed in 2021.

### Section 6 - Tax liabilities - Item 60

See the paragraph "Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

### Section 7 - Liabilities associated with assets classified as held for sale - Item 70

See the paragraph "Section 12 - Non-current assets and disposal group classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

### Section 8 - Other liabilities - Item 80

#### 8.1 Other liabilities: breakdown

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Liabilities in respect of financial guarantees issued	3	3
Accrued expenses and deferred income other than those to be capitalised for the financial liabilities concerned	502	561
Negative value of management agreements (so-called servicing assets)	-	-
Payment agreements based on the value of own capital instruments classified as deposits pursuant to IFRS2	4	4
Other liabilities due to employees	2,587	2,904
Other liabilities due to other staff	11	33
Other liabilities due to Directors and Statutory Auditors	1	1
Interest and amounts to be credited to	73	109
- Customers	54	60
- Banks	19	49
Items in transit between branches and not yet allocated to destination accounts	6	10
Available amounts to be paid to others	313	443
Items in processing	679	787
Entries relating to securities transactions	113	117
Definitive items but not attributable to other lines	3,482	3,194
- Accounts payable - suppliers	1,054	991
- Provisions for tax withholding on accrued interest, bond coupon payments or dividends	8	4
- Other entries	2,420	2,199
Liabilities for miscellaneous entries related to tax collection service	-	-
Adjustments for unpaid portfolio entries	1,213	1,034
Tax items different from those included in item 60	1,653	845
Other entries	2,661	2,704
<b>Total</b>	<b>13,301</b>	<b>12,749</b>

Item "Accrued expenses and deferred income other than those to be capitalised for the financial liabilities" includes the contract liabilities recognised in accordance with IFRS15.

In this context, deferred income represents the portion of performance obligations not yet satisfied through the services provided by the Group but already settled during the period or in previous periods.

The majority of this amount relates to performance obligations expected to be satisfied by the following year end reporting date.

## Part B - Consolidated balance sheet - Liabilities

Refer to the paragraph "Section 13 - Other assets - Item 130" of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets for information about the changes in deferred income and accrued expenses occurred in the period.

### Section 9 - Provision for employee severance pay - Item 90

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the "projected unit credit" method (refer to the paragraph "Part A.2 - Main items of the accounts", Notes to the consolidated accounts, Part A - Accounting policies).

#### 9.1 Provisions for employee severance pay: annual changes

(€ million)

	CHANGES IN	
	2021	2020
<b>A. Opening balance</b>	<b>592</b>	<b>661</b>
<b>B. Increases</b>	<b>20</b>	<b>22</b>
B.1 Provisions for the year	3	5
B.2 Other increases	17	17
<i>of which: business combinations</i>	-	-
<b>C. Reductions</b>	<b>96</b>	<b>91</b>
C.1 Severance payments	89	89
C.2 Other decreases	7	2
<i>of which: business combinations</i>	-	-
<b>D. Closing Balance</b>	<b>516</b>	<b>592</b>

#### 9.2 Other information

(€ million)

	CHANGES IN	
	2021	2020
<b>Cost Recognised in P&amp;L:</b>	<b>3</b>	<b>5</b>
- Current Service Cost	-	-
- Interest Cost on the DBO	3	5
- Settlement (gains)/losses	-	-
- Past Service Cost	-	-
<b>Remeasurement Effects (Gains) Losses Recognised in OCI</b>	<b>14</b>	<b>15</b>
<b>Annual weighted average assumptions</b>		
- Discount rate	0.75%	0.45%
- Price inflation	1.60%	0.80%

Duration of defined benefit obligation equals to 9 years; Valuation Reserve negative balance (net of tax) move from -€163 million as at 31 December 2020 to -€172 million as at 31 December 2021.

A change of -25 basis points of Discount Rate would result in an increase of the liability of €12 million (+2.30%); a correspondent increase would result in a reduction in the liability of €12 million (-2.24%). A change of -25 basis points of Price Inflation rate would result in a reduction of the liability of €7 million (-1.38%); a correspondent increase would result in an increase of the liability of €7 million (+1.40%).



## Part B - Consolidated balance sheet - Liabilities

## Section 10 - Provisions for risks and charges - Item 100

## 10.1 Provisions for risks and charges: breakdown

(€ million)

ITEMS/COMPONENTS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Provisions for credit risk on commitments and financial guarantees given	1,283	1,263
2. Provisions for other commitments and other guarantees given	142	125
3. Pensions and other post-retirement benefit obligations	4,738	5,677
4. Other provisions for risks and charges	3,781	3,123
4.1 Legal and tax disputes	865	749
4.2 Staff expenses	1,800	943
4.3 Other	1,116	1,431
<b>Total</b>	<b>9,944</b>	<b>10,188</b>

The item "4. Other provisions for risks and charges" consists of:

- legal disputes: cases in which the Group is a defendant, and post-insolvency clawback petitions (more information on litigation is set out in the paragraph "B. Legal risks" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, 2.5 Operational risks, Qualitative information);
- Staff expenses include the restructuring costs associated with the implementation of the Strategic plan for the portion that has not been either settled or reclassified to "Other liabilities" as a result of the incurrence of a specific debt toward the employees;
- other: provisions for risks and charges not attributable to the above items, whose details are illustrated in the table 10.6 below.

## 10.2 Provisions for risks and charges: annual changes

(€ million)

	CHANGES IN 2021			TOTAL
	PROVISIONS FOR OTHER OFF-BALANCE SHEET COMMITMENTS AND OTHER GUARANTEES GIVEN	PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS FOR RISKS AND CHARGES	
<b>A. Opening balance</b>	<b>125</b>	<b>5,677</b>	<b>3,123</b>	<b>8,925</b>
<b>B. Increases</b>	<b>19</b>	<b>141</b>	<b>1,834</b>	<b>1,994</b>
B.1 Provisions for the year	14	79	1,692	1,785
B.2 Changes due to the passing time	-	39	2	41
B.3 Differences due to discount-rate changes	-	-	-	-
B.4 Other changes	5	23	140	168
<i>of which: business combinations</i>	-	-	-	-
<b>C. Decreases</b>	<b>2</b>	<b>1,080</b>	<b>1,176</b>	<b>2,258</b>
C.1 Use during the year	-	266	610	876
C.2 Differences due to discount-rate changes	-	-	1	1
C.3 Other changes	2	814	565	1,381
<i>of which: business combinations</i>	-	-	-	-
<b>D. Closing balance</b>	<b>142</b>	<b>4,738</b>	<b>3,781</b>	<b>8,661</b>

It is worth to note that the subitem "B.1 Provision for the year" includes gain on settlement for €30 million (of which €16 related to UniCredit Bank Austria AG and €14 million related to UniCredit S.p.A.). For further details refer to paragraph 10.5 Pensions and other post-retirement defined-benefit obligations, Consolidated financial statements of UniCredit group, Notes to consolidated accounts, Part B Consolidated balance sheet - Liabilities.

## 10.3 Provisions for credit risk on commitments and financial guarantees given

(€ million)

	AMOUNTS AS AT 12.31.2021				TOTAL
	PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS	
Loan commitments given	147	133	310	-	590
Financial guarantees given	54	93	546	-	693
<b>Total</b>	<b>201</b>	<b>226</b>	<b>856</b>	<b>-</b>	<b>1,283</b>

## Part B - Consolidated balance sheet - Liabilities

### 10.4 Provisions on other commitments and other issued guarantees

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Other issued guarantees	142	125
2. Other commitments	-	-
<b>Total</b>	<b>142</b>	<b>125</b>

(€ million)

### 10.5 Pensions and other post-retirement defined-benefit obligations

#### 1. Pensions and other post-retirement benefit obligations

There are several defined-benefit plans within the Group, i.e. plans whose benefit is linked to salary and employee length of service both in Italy and abroad. The Austrian, German and Italian plans account for over 90% of the Group's pension obligations.

The 54% of the total obligations for defined benefit plans are financed with segregated assets. These plans are established in (i) Germany, among others "Direct Pension Plan" (i.e. an external fund managed by independent trustees), the "HVB Trust Pensionfonds AG" and the "Pensionkasse der Hypovereinsbank WaG", all created by UniCredit Bank AG (UCB AG), and (ii) in the United Kingdom, Italy and Luxembourg created by UCB AG and UniCredit S.p.A.

The Group's defined-benefit plans are mainly closed to new recruits where most new recruits join defined-contribution plans instead and the related contributions are charged to the income statement.

According to IAS19, obligations arising from defined-benefit plans are determined using the "projected unit credit" method, while segregated assets are measured at fair value at Balance sheet reporting date. The balance sheet obligation is the result of the deficit/surplus (i.e., the difference between obligations and assets) net of any impacts of the asset ceiling; actuarial gains and losses are recognised in shareholders' equity and shown in a specific item of revaluation reserves in the financial year in which they are recorded.

The actuarial assumptions used to determine obligations vary from country to country and from plan to plan; the discount rate is determined, depending on the currency of denomination of the commitments and the maturity of the liability, by reference to market yields at the balance sheet date on a basket of "high quality corporate bonds".

In light of evolving common interpretation about "high quality corporate bonds" identification and persisting interest rates decreasing trend, UCG refined its Discount Rate setting methodology by referencing AA rated corporate bonds basket. In addition, instead of econometric models, a Nelson Siegel methodology has been applied in modelling the yield-curve expressed by the basket of securities (by adjusting the long-term segment of the curve above the last liquid point - defined as the average maturity of the last 5 available bonds - relying on the slope of a Treasury curve build with AA Govies).

It is worth to note that, during second quarter 2021, a capitalization offer (early settlement of liability by one-off payment) has been launched, on a voluntary basis, with regard to defined benefit plans of UniCredit S.p.A.

It has been concluded within second half 2021 with an overall impact in P&L of +€14 million.

In addition, within 2021 UniCredit Bank Austria AG has recognized a positive impact in P&L for €16 million, as a gain on settlement of portions of its defined benefit plans.

The remeasurement of commitments as at 31 December 2021 leads to a decrease in the negative balance of the valuation reserve relating to actuarial gains/losses on defined benefit plans of €223 million, net of deferred taxes (for a negative balance which move from -€3,843 million as at 31 December 2020 to -€3,620 million as at 31 December 2021 including €18 million transfer to "Other Reserves" in connection with the above mentioned capitalization offer).

## Part B - Consolidated balance sheet - Liabilities

## 2. Changes of net defined benefit liability/asset and any reimbursement rights

## 2.1 Breakdown of defined benefit net obligation

	12.31.2021	12.31.2020
Current value of the defined benefit obligation	10,164	10,716
Current value of the plan assets	(5,452)	(5,061)
<b>Deficit/(Surplus)</b>	<b>4,712</b>	<b>5,655</b>
Irrecoverable surplus (effect of asset ceiling)	-	-
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>4,712</b>	<b>5,655</b>

## 2.2 Changes in defined benefit obligations

	12.31.2021	12.31.2020
Initial defined benefit obligation	10,716	10,421
Current service cost	107	100
Settlement (gain)/loss	(30)	-
Past service cost	-	-
Interest expense on the defined benefit obligation	82	114
Write-downs for actuarial (gains)/losses on defined benefit plans	(274)	477
Employees' contributions for defined benefit plans	9	8
Disbursements from plan assets	(157)	(165)
Disbursements directly paid by the fund	(228)	(232)
Settlements	(70)	(1)
Other increases (decreases)	9	(6)
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>10,164</b>	<b>10,716</b>

## 2.3 Changes to plan assets

	12.31.2021	12.31.2020
Initial fair value of plan assets	5,061	4,833
Interest income on plan assets	43	57
Administrative expenses paid from plan assets	-	-
Write-downs on the fair value of plan assets for actuarial gains (losses) on the discount rate	(13)	118
Employer contributions	530	226
Disbursements from plan assets	(157)	(165)
Settlements	(33)	-
Other increases (decreases)	21	(8)
<b>Final fair value of plan assets</b>	<b>5,452</b>	<b>5,061</b>

## 3. Main plan asset classes

	12.31.2021	12.31.2020
1. Shares	240	73
2. Bonds	349	374
3. Units in investment funds	4,768	4,050
4. Real estate properties	26	236
5. Derivative instruments	-	-
6. Other assets	69	328
<b>Total</b>	<b>5,452</b>	<b>5,061</b>

## Part B - Consolidated balance sheet - Liabilities

## 4. Significant actuarial assumptions used to determine the current value of defined benefit obligation

	12.31.2021	12.31.2020
	%	%
Discount rate	1.16	0.78
Expected return on plan assets	1.16	0.78
Expected compensation increase rate	2.07	2.03
Future increases relating to pension treatments	1.94	1.60
Expected inflation rate	2.57	1.42

## 5. Impact of changes in financial/demographic assumptions on DBOs and financial duration

	(€ million)
	12.31.2021
- Impact of changes in financial/demographic assumptions on DBOs	
<b>A. Discount rate</b>	
A1. -25 basis points	419
	4.12%
A2. +25 basis points	(393)
	-3.87%
<b>B. Future increase rate relating to pension treatments</b>	
B1. -25 basis points	(289)
	-2.85%
B2. +25 basis points	304
	2.99%
<b>C. Mortality</b>	
C.1 Life expectancy + 1 year	361
	3.55%
- Financial duration (years)	16.0

## 10.6 Provisions for risks and charges - other provisions

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>4.3 Other provisions for risks and charges - other</b>		
Real estate risks/charges	106	102
Restructuring costs	67	51
Allowances payable to agents	95	87
Disputes regarding financial instruments and derivatives	15	21
Costs for liabilities arising from equity investment disposals	16	206
Other	817	964
<b>Total</b>	<b>1,116</b>	<b>1,431</b>

- The item "Others" includes provisions:
  - posted in order to cope with the probable risks of loss relating to the purchases of diamonds, that could be carried out under the "customer care" initiative promoted by UniCredit S.p.A. Further information is reported in the related paragraph "Diamond offer" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, Section 5 - Operational risks, Qualitative information, E. Other claims by customers;
  - referring to cover the risks related to certain standard contractual terms contained in the documentary frameworks (i.e. reps & warranties), including securitisation transactions signed with the SPVs, of which UniCredit S.p.A. is Originator, pending the analysis and assessments to be completed within the deadlines established.

## Part B - Consolidated balance sheet - Liabilities

### Section 11 - Technical reserves - Item 110

No data to be disclosed.

### Section 12 - Redeemable Shares - Item 130

No data to be disclosed.

### Section 13 - Group shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

As at 31 December 2021 the Group shareholders' equity, including the result for the year of +€1,540 million, amounted to €61,628 million, against €59,507 million at the end of 2020.

The table below shows the breakdown of Group equity and the changes over the previous year.

#### Group shareholders' equity: breakdown

(€ million)

	AMOUNTS AS AT		CHANGES	
	12.31.2021	12.31.2020	AMOUNT	%
1. Share capital	21,133	21,060	73	0.3%
2. Share premium reserve	5,446	9,386	-3,940	-42.0%
3. Reserves	31,451	31,167	284	0.9%
4. Treasury shares	(200)	(3)	-197	n.m.
a. Parent Company	(199)	(2)	-197	n.m.
b. Subsidiaries	(1)	(1)	-	-
5. Valuation reserve	(4,337)	(6,159)	1,822	-29.6%
6. Equity instruments	6,595	6,841	-246	-3.6%
7. Net profit (loss)	1,540	(2,785)	4,325	n.m.
<b>Total</b>	<b>61,628</b>	<b>59,507</b>	<b>2,121</b>	<b>3.6%</b>



## Part B - Consolidated balance sheet - Liabilities

The +€2,121 million change in Group equity resulted from:

(€ million)	
Change in capital:	
withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel following the resolution of the Board of Directors of 10 February 2021	73
Use of share premium reserve:	
for (i) the coverage of the entire loss of UniCredit S.p.A. from the 2020 financial year (-€2,732 million); (ii) the increase of the Legal reserve (-€55 million); (iii) the coverage of the negative components related to the payment of AT1 coupons (-€322 million); (iv) the allocation to specific unavailable reserve in relation to the purchases of treasury shares in execution of "First Buy-Back Programme 2021" (-€179 million); (v) the allocation to specific unavailable reserve for the maximum amount of authorised purchases in execution of "Second Buy-Back Programme" (-€652 million)	(3,940)
Change in reserves, including those one in treasury shares arising from:	87
· attribution to the reserve of the result of the previous year excluding the loss of UniCredit S.p.A., net of other allocations	(55)
· coverage of the negative reserves to eliminate the components related to the payment of AT1 coupons (+€322 million), the increase of the Legal reserve (+€55 million), the allocation of a portion of the Share Premium Reserve to set up the specific unavailable reserve for the execution of the "First Buy-Back Programme 2021" (+€179 million) and of the "Second Buy-Back Programme 2021" (+€652 million) for the maximum amount of authorized purchases; consequently the unavailable reserve (-€181 million) was used to offset the negative item Treasury shares (+€181 million) following the cancellation of the shares, including treasury shares already held in portfolio before the start of the buy-back executing the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 15 April 2021	1,208
· purchase of No. 17,416,128 shares in the item "Treasury shares" in execution of the "First Buy-Back Programme 2021" (-€179 million) and with subsequent cancellation (as described above) and purchase of No. 15,048,642 shares performed till 31 December 2021 in execution of the "Second Buy-Back Programme 2021" (-€199 million)	(378)
· change in reserves connected to Share Based Payments	67
· charge to reserves for the cash-out related to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for the issuance of convertible securities denominated "Cashes" relating to the last payment referring to the results of the year 2019	(30)
· recognition in reserves from allocation of profit of the cumulated gains (losses) arising from the disposal of equities measured at fair value through Other Comprehensive Income and from the repurchase of financial liabilities designated at fair value occurred during the period. This amount includes also the recycling to reserves from allocation of profit of the eventual amount previously reported in revaluation reserve	(69)
· withdrawal from the specifically constituted reserves, for the capital increase connected to the medium term incentive plan for Group personnel following the resolution of the Board of Directors of 10 February 2021	(73)
· distribution of dividends from profit reserves as approved by Shareholders' Meeting of 15 April 2021	(268)
· allocation to the reserves of the coupon paid to subscribers of the Additional Tier 1 notes, net of the related taxes	(343)
· other changes	28
Change in valuation reserves related to:	1,822
· actuarial gains (losses) on defined-benefit plans	214
· exchange rate differences	285
· tangible assets	246
· the valuation of companies carried at equity	1,604
· hedging for financial risks	(314)
· financial assets and liabilities valued at fair value	(208)
· non-current assets classified held-for-sale	(5)
Change in equity instruments:	
issue of Additional Tier1 recognised net of the related transaction costs and placement fees (+€744 million) and early redemption of the Additional Tier 1 instruments issued in 2014, net of the related placement costs (-€990 million)	(246)
Change of the profit for the year compared with that of 31 December 2020	4,325

## Part B - Consolidated balance sheet - Liabilities

## 13.1 "Share capital" and "treasury shares": breakdown

(€ million)

	AMOUNT AS AT 12.31.2021		AMOUNT AS AT 12.31.2020	
	ISSUED SHARES	UNDERWRITTEN AND NOT YET FULLY PAID SHARES	ISSUED SHARES	UNDERWRITTEN AND NOT YET FULLY PAID SHARES
<b>A. Share Capital</b>				
A.1 Ordinary shares	21,133	-	21,060	-
A.2 Savings shares	-	-	-	-
<b>Total A</b>	<b>21,133</b>	<b>-</b>	<b>21,060</b>	<b>-</b>
<b>B. Treasury Shares</b>	<b>(200)</b>	<b>-</b>	<b>(3)</b>	<b>-</b>

Reference is made to the paragraph "12.1 "Share capital" and "treasury shares": breakdown" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

## 13.2 Share capital - number of shares owned by the Parent Company: annual changes

ITEMS/TYPES	CHANGES IN 2021	
	ORDINARY	SAVINGS
<b>A. Issued shares as at the beginning of the year</b>	<b>2,237,261,803</b>	<b>-</b>
- Fully paid	2,237,261,803	-
- Not fully paid	-	-
A.1 Treasury shares (-)	(4,760)	-
A.2 Shares outstanding: opening balance	2,237,257,043	-
<b>B. Increases</b>	<b>6,288,605</b>	<b>-</b>
B.1 New issues	6,288,605	-
- Against payment	-	-
- Business combinations	-	-
- Bonds converted	-	-
- Warrants exercised	-	-
- Other	-	-
- Free	6,288,605	-
- To employees	6,288,605	-
- To directors	-	-
- Other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
<b>C. Decreases</b>	<b>32,464,770</b>	<b>-</b>
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	32,464,770	-
C.3 Business transferred	-	-
C.4 Other changes	-	-
<i>of which: business combinations</i>	-	-
<b>D. Shares outstanding: closing balance</b>	<b>2,211,080,878</b>	<b>-</b>
D.1 Treasury shares (+)	15,048,642	-
D.2 Shares outstanding as at the end of the year	2,226,129,520	-
- Fully paid	2,226,129,520	-
- Not fully paid	-	-

Reference is made to the paragraph "12.2 Share capital - Number of shares: annual changes" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

## 13.3 Share capital: other information

Reference is made to the paragraph "12.3 Capital: other information" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

## Part B - Consolidated balance sheet - Liabilities

## 13.4 Reserves from profits: other information

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Legal reserve	1,518	1,518
Statutory reserve	6,828	7,380
Other reserves	14,568	14,557
<b>Total</b>	<b>22,914</b>	<b>23,455</b>

(€ million)

Reference is made to the paragraph "12.4 Reserves from profit: other information" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

## 13.5 Equity instruments: breakdown and annual changes

Reference is made to the paragraph "12.5 Equity instruments: composition and annual changes" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

## 13.6 Other Information

## Valuation reserves: breakdown

ITEM/TYPES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Equity instruments designated at fair value through other comprehensive income	(196)	(339)
2. Financial assets (other than equity instruments) at fair value through other comprehensive income	743	1,119
3. Hedging of equity instruments at fair value through other comprehensive income	-	-
4. Financial liabilities at fair value through profit or loss (changes in own credit risk)	(142)	(167)
5. Hedging instruments (non-designated elements)	-	-
6. Property, plant and equipment	1,713	1,467
7. Intangible assets	-	-
8. Hedges of foreign investments	-	-
9. Cash-flow hedges	(337)	(23)
10. Exchange differences	(2,664)	(2,949)
11. Non-current assets classified as held for sale	(7)	(2)
12. Actuarial gains (losses) on defined-benefit plans	(3,793)	(4,007)
13. Part of valuation reserves of investments valued at net equity	69	(1,535)
14. Special revaluation laws	277	277
<b>Total</b>	<b>(4,337)</b>	<b>(6,159)</b>

(€ million)

The FX currency reserves as at 31 December 2021 mainly refer to the Russian Ruble for -€2,321 million included in the item "Exchange differences" and -€42 million included in the item "Part of valuation reserves of investments valued at net equity".

The main variations in comparison to 31 December 2020 refer to the following reserves:

- "Part of valuation reserves of investments valued at net equity" for +€1,604 million mainly due to the following transactions related to the 20% stake in Yapi Ve Kredi Bankasi A.S. (YK): (i) the disposal of the 2% in the Market; (ii) the deconsolidation of the 18% following the loss of UniCredit's significant influence over YK (and the consequent recognition of a financial instrument in financial assets measured at fair value through profit or loss); such events implied the recycle, mostly through P&L, of the related reserves, basically referred to exchange rate differences on Turkish Lira;
- "Exchange differences" for +€285 million mainly refers to change of Russian Ruble for +€154 million and Czech Crown for +€147 million;
- "Property, plant and equipment" for +€246 million mainly referred to the alignment between tax values of tangible assets and higher accounting values, for further information refer to the Company financial statements of UniCredit S.p.A., Notes to the accounts Part C - Income statement, Section 19 - Tax expenses (income) for the period from continuing operations - Item 270;
- "Actuarial gains (losses) on defined-benefit plans" for +€214 million mainly referred to the increase in DBO discount rate induced by the reduction in prices of High Quality Corporate Bonds partially offset by plan assets performance;
- "Financial assets (other than equity instruments) at fair value through other comprehensive income" for -€376 million mainly due to Government securities.

## Part B - Consolidated balance sheet - Liabilities

### Section 14 - Minority shareholders' equity - Item 190

The table below shows the breakdown of minorities as at 31 December 2021.

#### 14.1 Breakdown of item 190 "Shareholders' equity: minorities"

(€ million)

	2021	2020
<b>Equity investments in consolidated companies with significant minority interests</b>	<b>470</b>	<b>445</b>
Zagrebacka Banka D.D.	389	345
UniCredit Bank D.D.	49	60
UniCredit Bank Austria AG Sub-Group	32	40
<b>Other equity investments</b>	<b>(5)</b>	<b>(10)</b>
<b>Total</b>	<b>465</b>	<b>435</b>

The shareholders' equity attributable to minority interests for 2021 amounted to +€465 million.

The main contributions are attributable to the minority shareholders of Zagrebacka Banka D.D. and its subsidiary UniCredit Bank D.D. and UniCredit Bank Austria AG Sub-Group, mainly referring to Card Complete Service Bank AG.

#### 14.2 Capital instruments: breakdown and annual changes

There are no equity instruments.





## Part B - Consolidated balance sheet - Liabilities

## 3. Assets used to guarantee own liabilities and commitments

(€ million)

PORTFOLIOS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Financial assets at fair value through profit or loss	14,768	17,302
2. Financial assets at fair value through other comprehensive income	32,171	35,629
3. Financial assets at amortised cost	140,114	135,934
4. Property, plant and equipment	-	2
of which: inventories of property, plant and equipment	-	2

## 4. Breakdown of investments relating to unit-linked and index-linked policies

There were no transactions concerning unit-linked and index-linked policies.

## 5. Asset management and trading on behalf of third parties

(€ million)

TYPE OF SERVICES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Execution of orders on behalf of customers</b>		
a) Purchases	78,878	113,905
1. Settled	78,869	113,893
2. Unsettled	9	12
b) Sales	79,110	111,349
1. Settled	79,099	111,332
2. Unsettled	11	17
<b>2. Portfolio management</b>		
a) Individual	22,854	19,025
b) Collective	15,781	17,603
<b>3. Custody and administration of securities</b>		
a) Third party securities on deposits: relating to depositary bank activities (excluding portfolio management)	3,416	3,337
1. Securities issued by companies included in consolidation	-	-
2. Other securities	3,416	3,337
b) Third party securities held in deposits (excluding portfolio management): other	237,186	222,974
1. Securities issued by companies included in consolidation	5,968	7,915
2. Other securities	231,218	215,059
c) Third party securities deposited with third parties	152,882	151,791
d) Property securities deposited with third parties	119,534	104,550
<b>4. Other transactions</b>	<b>7,669</b>	<b>7,850</b>

## Part B - Consolidated balance sheet - Liabilities

## 6. Financial assets subject to accounting offsetting or under master netting agreements and similar agreements

(€ million)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL ASSETS (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL ASSETS (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING		NET AMOUNT 12.31.2021 (F=C-D-E)	NET AMOUNT 12.31.2020
				FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives	75,946	38,914	37,032	21,322	9,102	6,608	7,461
2. Reverse repos	34,730	1,602	33,128	21,444	-	11,684	23,114
3. Securities lending	-	-	-	-	-	-	-
4. Others	130,851	6,122	124,729	-	-	124,729	124,163
<b>Total 12.31.2021</b>	<b>241,527</b>	<b>46,638</b>	<b>194,889</b>	<b>42,766</b>	<b>9,102</b>	<b>143,021</b>	<b>X</b>
<b>Total 12.31.2020</b>	<b>275,025</b>	<b>51,061</b>	<b>223,964</b>	<b>58,722</b>	<b>10,504</b>	<b>X</b>	<b>154,738</b>

Financial derivative assets offset in balance sheet by financial liabilities (column "B" item 1. Derivatives) mainly refers to derivative contracts settled with Central Clearing Counterparts (CCPs).

## 7. Financial liabilities subject to accounting offsetting or under master netting agreements and similar agreements

(€ million)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL LIABILITIES (A)	FINANCIAL ASSETS OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL LIABILITIES (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING		NET AMOUNT 12.31.2021 (F=C-D-E)	NET AMOUNT 12.31.2020
				FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives	78,805	43,861	34,944	22,351	8,149	4,444	1,876
2. Reverse repos	42,466	1,602	40,864	18,636	50	22,178	26,985
3. Securities lending	-	-	-	-	-	-	-
4. Others	194,015	1,176	192,839	-	-	192,839	195,879
<b>Total 12.31.2021</b>	<b>315,286</b>	<b>46,639</b>	<b>268,647</b>	<b>40,987</b>	<b>8,199</b>	<b>219,461</b>	<b>X</b>
<b>Total 12.31.2020</b>	<b>355,049</b>	<b>51,060</b>	<b>303,989</b>	<b>68,047</b>	<b>11,202</b>	<b>X</b>	<b>224,740</b>

Financial derivative liabilities offset in balance sheet by financial assets (column "B" item 1. Derivatives) mainly refers to derivative contracts settled with Central Clearing Counterparts (CCPs).

## 8. Security borrowing transactions

(€ million)

TYPE OF LENDER	AMOUNTS AS AT 12.31.2021			
	AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES			
	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS		SOLD IN REPO TRANSACTIONS	
			SOLD	OTHER PURPOSES
A. Banks	2,223		635	8,176
B. Financial companies	-		38	324
C. Insurance companies	-		-	-
D. Non-financial companies	-		2	145
E. Others	3		-	671
<b>Total</b>	<b>2,226</b>		<b>675</b>	<b>9,316</b>

## Part C - Consolidated income statement

## Section 1 - Interests - Items 10 and 20

## 1.1 Interest income and similar revenues: breakdown

ITEMS/TYPES	YEAR 2021				(€ million)
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	YEAR 2020 TOTAL
<b>1. Financial assets at fair value through profit or loss</b>	<b>253</b>	<b>88</b>	<b>602</b>	<b>943</b>	<b>853</b>
1.1 Financial assets held for trading	152	-	602	754	693
1.2 Financial assets designated at fair value	3	-	-	3	1
1.3 Other financial assets mandatorily at fair value	98	88	-	186	159
<b>2. Financial assets at fair value through other comprehensive income</b>	<b>723</b>	<b>-</b>	<b>X</b>	<b>723</b>	<b>846</b>
<b>3. Financial assets at amortised cost</b>	<b>501</b>	<b>8,622</b>	<b>X</b>	<b>9,123</b>	<b>10,249</b>
3.1 Loans and advances to banks	42	331	X	373	424
3.2 Loans and advances to customers	459	8,291	X	8,750	9,825
<b>4. Hedging derivatives</b>	<b>X</b>	<b>X</b>	<b>(72)</b>	<b>(72)</b>	<b>(2)</b>
<b>5. Other assets</b>	<b>X</b>	<b>X</b>	<b>362</b>	<b>362</b>	<b>226</b>
<b>6. Financial liabilities</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>1,624</b>	<b>1,010</b>
<b>Total</b>	<b>1,477</b>	<b>8,710</b>	<b>892</b>	<b>12,703</b>	<b>13,182</b>
<i>of which: interest income on impaired financial assets</i>	<i>1</i>	<i>382</i>	<i>-</i>	<i>383</i>	<i>372</i>
<i>of which: interest income on financial lease</i>	<i>X</i>	<i>455</i>	<i>X</i>	<i>455</i>	<i>544</i>

The interests on financial liabilities, contributing to net interest margin, include positive benefit for €893 million arising from TLTRO III facilities, the calculation of which is described in paragraph "TLTRO", Notes to the consolidated accounts, Part A - Accounting policies, Section 5 - Other matters. It should be noted that Interest income on "Other assets" also include interest income of €155 million in connection with a tax refund recognised by UniCredit Bank AG.

## Part C - Consolidated income statement

## 1.2 Interest income and similar revenues: other information

## 1.2.1 Interest income from financial assets denominated in currency

(€ million)		
ITEMS	YEAR 2021	YEAR 2020
a) Assets denominated in currency	3,351	3,561

## 1.3 Interest expenses and similar charges: breakdown

					(€ million)
YEAR 2021					YEAR 2020
ITEMS/TYPES	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Financial liabilities at amortised cost	(799)	(1,995)	X	(2,794)	(3,233)
1.1 Deposits from central banks	(11)	X	X	(11)	(40)
1.2 Deposits from banks	(156)	X	X	(156)	(262)
1.3 Deposits from customers	(632)	X	X	(632)	(726)
1.4 Debt securities in issue	X	(1,995)	X	(1,995)	(2,205)
2. Financial liabilities held for trading	(1)	(84)	(706)	(791)	(784)
3. Financial liabilities designated at fair value	(7)	(49)	-	(56)	(62)
4. Other liabilities and funds	X	X	(96)	(96)	(66)
5. Hedging derivatives	X	X	1,052	1,052	995
6. Financial assets	X	X	X	(927)	(535)
Total	(807)	(2,128)	250	(3,612)	(3,685)
of which: interest expenses on lease deposits	(27)	X	X	(27)	(36)

It should be noted that Interest expenses on "Other liabilities and funds" also include interest expenses of €44 million related to tax provisions recognised by UniCredit Bank AG.

## 1.4 Interest expenses and similar charges: other information

## 1.4.1 Interest expenses on liabilities denominated in currency

(€ million)		
ITEMS	YEAR 2021	YEAR 2020
a) Liabilities denominated in currency	(1,424)	(1,550)

## 1.5 Differentials relating to hedging operations

(€ million)		
ITEMS	YEAR 2021	YEAR 2020
A. Positive differentials relating to hedging operations	4,322	4,237
B. Negative differentials relating to hedging operations	(3,342)	(3,244)
<b>C. Net differential (A-B)</b>	<b>980</b>	<b>993</b>

## Part C - Consolidated income statement

## Section 2 - Fees and commissions - Items 40 and 50

## 2.1 Fees and commissions income: breakdown

(€ million)		
TYPE OF SERVICES/VALUES	YEAR 2021	YEAR 2020
a) Financial Instruments	1,315	994
1. Placement of securities	1,032	724
1.1 Underwriting and/or on the basis of an irrevocable commitment	27	28
1.2 Without irrevocable commitment	1,005	696
2. Reception and transmission of orders	116	108
2.1 Reception and transmission of orders of financial instruments	116	108
2.2 Execution of orders on behalf of customers	-	-
3. Other fees related to activities linked to financial instruments	167	162
of which: <i>proprietary Trading</i>	9	1
of which: <i>individual portfolio management</i>	158	161
b) Corporate Finance	58	34
1. M&A advisory	9	9
2. Treasury services	2	2
3. Other fee and commission income in relation to corporate finance activities	47	23
c) Fee based advice	92	75
d) Clearing and settlement	-	-
e) Collective portfolio management	213	143
f) Custody and administration of securities	279	269
1. Custodian Bank	121	108
2. Other fee and commission income in relation to corporate finance activities	158	161
g) Central administrative services for collective investment	1	1
h) Fiduciary transactions	-	-
i) Payment services	1,367	1,208
1. Current accounts	46	40
2. Credit cards	106	110
3. Debits cards and other card payments	354	282
4. Transfers and other payment orders	412	344
5. Other fees in relation to payment services	449	432
j) Distribution of third party services	1,557	1,436
1. Collective portfolio management	678	623
2. Insurance products	861	795
3. Other products	18	18
of which: <i>individual portfolio management</i>	3	-
k) Structured finance	-	1
l) Loan securitisation servicing activities	8	8
m) Loan commitment given	99	105
n) Financial guarantees	345	336
of which: <i>credit derivatives</i>	-	-
o) Lending transaction	512	477
of which: <i>factoring services</i>	71	72
p) Currency trading	197	175
q) Commodities	-	-
r) Other fee income	1,920	1,907
of which: <i>management of sharing multilateral trading facilities</i>	-	-
of which: <i>management of organized trading systems</i>	-	-
<b>Total</b>	<b>7,963</b>	<b>7,169</b>

Item "r) other fee income" mainly comprise:

- fees for ancillary services linked to current accounts (e.g., token, debt card): €794 million in 2021, €747 million in 2020 (+6.3%);
- fees for immediate funds availability: €326 million in 2021, €356 million in 2020 (-8.4%);
- fees for ATM and credit card services not included in collection and payment services: €261 million in 2021, €255 million in 2020 (+2.4%);
- fees for current accounts keeping: €120 million in 2021, €119 million in 2020 (+0.8%).



## Part C - Consolidated income statement

## 2.2 Fees and commissions expenses: breakdown

SERVICES/VALUES	(€ million)	
	YEAR 2021	YEAR 2020
a) Financial instruments	(75)	(80)
<i>of which: trading in financial instruments</i>	(61)	(63)
<i>of which: placement of financial instruments</i>	(6)	(9)
<i>of which: individual Portfolio management</i>	(8)	(8)
- own portfolio	(1)	-
- third party portfolio	(7)	(8)
b) Clearing and settlement	(3)	(3)
c) Portfolio management: collective	(35)	(32)
1. Own portfolio	(21)	(20)
2. Third party portfolio	(14)	(12)
d) Custody and Administration	(173)	(166)
e) Collection and payments services	(668)	(606)
<i>of which: debit credit card service and other payment cards</i>	(562)	(496)
f) Loan securitisation servicing activities	-	(1)
g) Loan commitment given	(10)	(12)
h) Financial guarantees received	(84)	(88)
<i>of which: credit derivatives</i>	-	-
i) Off - site distribution of financial instruments, products and services	(54)	(45)
j) Currency trading	(9)	(11)
k) Other commission expenses	(149)	(168)
<b>Total</b>	<b>(1,260)</b>	<b>(1,212)</b>

## Section 3 - Dividend income and similar revenue - Item 70

## 3.1 Dividend income and similar revenues: breakdown

(€ million)				
ITEMS/REVENUES	YEAR 2021		YEAR 2020	
	DIVIDENDS	SIMILAR REVENUES	DIVIDENDS	SIMILAR REVENUES
A. Financial assets held for trading	255	-	134	-
B. Other financial assets mandatorily at fair value	35	24	36	7
C. Financial assets at fair value through other comprehensive income	18	-	28	-
D. Equity investments	19	-	3	-
<b>Total</b>	<b>327</b>	<b>24</b>	<b>201</b>	<b>7</b>
<b>Total dividends and similar revenues</b>	<b>351</b>		<b>208</b>	

Dividends are recognised in the income statement when distribution is approved.

In 2021 dividend income and similar revenues totaled €351 million, as against €208 million for the previous period.

The item "A. Financial assets held for trading" includes the dividends received relating to the following mainly equity securities: Eni S.p.A. (€22 million), Intesa Sanpaolo (€15 million), Allianz SE NA O.N. (€10 million), Enel S.p.A. (€8 million). In 2020 the item included the dividends received relating to the following mainly equity securities: Eni S.p.A. (€14 million), BASF SE NA O.N. (€8 million), Allianz SE NA O.N. (€8 million), Enel S.p.A. (€7 million).

The item "B. Other financial assets mandatorily at fair value" includes mainly the dividends received relating to the shareholding in La Villata S.p.A. Immobiliare di Investimento e Sviluppo for €16 million (€15 million in 2020).

The item "C. Financial assets at fair value through other comprehensive income" includes mainly the dividends received relating to the shareholding in Banca d'Italia for €10 million, same as in 2020.

## Part C - Consolidated income statement

## Section 4 - Gains (Losses) on financial assets and liabilities held for trading - Item 80

## 4.1 Net gains (losses) on trading: breakdown

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2021				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets held for trading</b>	<b>19,271</b>	<b>2,904</b>	<b>(9,822)</b>	<b>(1,538)</b>	<b>10,815</b>
1.1 Debt securities	287	516	(697)	(313)	(207)
1.2 Equity instruments	435	1,396	(444)	(314)	1,073
1.3 Units in investment funds	104	262	(67)	(27)	272
1.4 Loans	10,920	6	(4,358)	(97)	6,471
1.5 Other	7,525	724	(4,256)	(787)	3,206
<b>2. Financial liabilities held for trading</b>	<b>252</b>	<b>295</b>	<b>(438)</b>	<b>(385)</b>	<b>(276)</b>
2.1 Debt securities	205	198	(392)	(331)	(320)
2.2 Deposits	-	-	-	(1)	(1)
2.3 Other	47	97	(46)	(53)	45
<b>3. Financial assets and liabilities: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>(182)</b>
<b>4. Derivatives</b>	<b>157,573</b>	<b>92,500</b>	<b>(163,177)</b>	<b>(96,635)</b>	<b>(8,885)</b>
4.1 Financial derivatives	157,223	92,194	(162,909)	(96,228)	(8,866)
- On debt securities and interest rates	139,638	75,340	(138,639)	(75,660)	679
- On equity securities and share indices	7,541	8,919	(7,868)	(9,385)	(793)
- On currencies and gold	X	X	X	X	854
- Other	10,044	7,935	(16,402)	(11,183)	(9,606)
4.2 Credit derivatives	350	306	(268)	(407)	(19)
of which: economic hedges linked to the fair value option	X	X	X	X	-
<b>Total</b>	<b>177,096</b>	<b>95,699</b>	<b>(173,437)</b>	<b>(98,558)</b>	<b>1,472</b>

## Section 5 - Fair value adjustments in hedge accounting - Item 90

## 5.1 Net gains (losses) on hedge accounting: breakdown

(€ million)

INCOME COMPONENT/VALUES	YEAR 2021	YEAR 2020
<b>A. Gains on</b>		
A.1 Fair value hedging instruments	8,392	5,918
A.2 Hedged financial assets (in fair value hedge relationship)	208	1,072
A.3 Hedged financial liabilities (in fair value hedge relationship)	4,877	167
A.4 Cash-flow hedging derivatives	5	57
A.5 Assets and liabilities denominated in currency	-	-
<b>Total gains on hedging activities (A)</b>	<b>13,482</b>	<b>7,214</b>
<b>B. Losses on</b>		
B.1 Fair value hedging instruments	(10,326)	(6,200)
B.2 Hedged financial assets (in fair value hedge relationship)	(2,979)	(143)
B.3 Hedged financial liabilities (in fair value hedge relationship)	(121)	(924)
B.4 Cash-flow hedging derivatives	(7)	(1)
B.5 Assets and liabilities denominated in currency	-	-
<b>Total losses on hedging activities (B)</b>	<b>(13,433)</b>	<b>(7,268)</b>
<b>C. Net hedging result (A-B)</b>	<b>49</b>	<b>(54)</b>
of which: net gains (losses) of hedge accounting on net positions	-	-

The increase in the items gain and losses on the hedging derivatives is mainly attributable to the evolution in the markets interest rate curves observed in 2021.

## Part C - Consolidated income statement

### Section 6 - Gains (Losses) on disposals/repurchases - Item 100

Net profit from gains/losses on disposals/repurchases of financial assets/liabilities as at 31 December 2021 is equal to +€244 million (+€230 million in 2020), of which +€194 million on financial assets and +€50 million on financial liabilities.

Net result recognised under sub-item "1. Financial assets at amortised cost" equal to +€53 million is mainly due to loan and advances to customers basically attributable to sale of bonds by UniCredit S.p.A.

The sub-item "2. Financial assets at fair value through other comprehensive income - 2.1 Debt securities" is equal to +€141 million and includes principally gains on disposal of UniCredit S.p.A. for +€93 million, mainly due to Italian Government securities.

#### 6.1 Gains (Losses) on disposal/repurchase: breakdown

ITEMS/INCOME ITEMS	YEAR 2021			YEAR 2020		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
<b>A. Financial assets</b>						
1. Financial assets at amortised cost	250	(197)	53	373	(293)	80
1.1 Loans and advances to banks	11	(29)	(18)	2	-	2
1.2 Loans and advances to customers	239	(168)	71	371	(293)	78
2. Financial assets at fair value through other comprehensive income	341	(200)	141	272	(128)	144
2.1 Debt securities	341	(200)	141	272	(128)	144
2.2 Loans	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>591</b>	<b>(397)</b>	<b>194</b>	<b>645</b>	<b>(421)</b>	<b>224</b>
<b>B. Financial liabilities at amortised cost</b>						
1. Deposits from banks	-	-	-	1	(3)	(2)
2. Deposits from customers	66	(2)	64	-	-	-
3. Debt securities in issue	2	(16)	(14)	21	(13)	8
<b>Total liabilities (B)</b>	<b>68</b>	<b>(18)</b>	<b>50</b>	<b>22</b>	<b>(16)</b>	<b>6</b>
<b>Total financial assets/liabilities</b>			<b>244</b>			<b>230</b>

Net profit from gains/losses on disposals/repurchases of financial assets/liabilities as at 31 December 2020 was equal to +€230 million, of which +€224 million on financial assets and +€6 million on financial liabilities.

Net result recognised under sub-item "1. Financial assets at amortised cost" equal to +€80 million was mainly due to loan and advances to customers of which UniCredit S.p.A. for +€119 million principally attributable to sale of bonds and, for a lower amount, of non-performing loans to customer.

The sub-item "2. Financial assets at fair value through other comprehensive income - 2.1 Debt securities" was equal to +€144 million and included gains on disposal of AO UniCredit Bank (+€29 million, mainly due to Russian Government securities), UniCredit S.p.A. (+€23 million, mainly due to Italian Government securities), UniCredit Bank AG (+€19 million, mainly due to Spanish Government securities), UniCredit Bank Czech Republic and Slovakia A.s. (+€16 million, mainly due to Czech and Slovak Government securities), Zagrebacka Banka DD (+€13 million, mainly due to Croatian Government securities), UniCredit Bank Ireland Plc (+€12 million, mainly due to Spanish and Italian Government securities), UniCredit Bank SA (+€10 million, mainly due to Romanian Government securities).

## Part C - Consolidated income statement

### Section 7 - Net gains (losses) on other financial assets/liabilities at fair value through profit or loss - Item 110

#### 7.1 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2021				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets</b>	-	-	(16)	-	(16)
1.1 Debt securities	-	-	(16)	-	(16)
1.2 Loans	-	-	-	-	-
<b>2. Financial liabilities</b>	222	212	(502)	(222)	(290)
2.1 Debt securities	197	212	(442)	(216)	(249)
2.2 Deposits from banks	25	-	(60)	(6)	(41)
2.3 Deposits from customers	-	-	-	-	-
<b>3. Financial assets and liabilities in foreign currency: exchange differences</b>	X	X	X	X	-
<b>Total</b>	222	212	(518)	(222)	(306)

Some financial derivatives entered into for economic hedge purposes are linked to financial liabilities represented by debt securities and their economic results are included into table "4.1 Net gains (losses) on trading: breakdown" of the Notes to the consolidated account, Part C - Consolidated income statement, Section 4 - Gain (Losses) on financial assets and liabilities held for trading - Item 80.

#### 7.2 Net change in other financial assets/liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2021				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets</b>	241	42	(380)	(66)	(163)
1.1 Debt securities	59	30	(168)	(62)	(141)
1.2 Equity securities	71	2	(48)	-	25
1.3 Units in investment funds	91	7	(56)	-	42
1.4 Loans	20	3	(108)	(4)	(89)
<b>2. Financial assets: exchange differences</b>	X	X	X	X	-
<b>Total</b>	241	42	(380)	(66)	(163)

OICR quotes include economic effects from Atlante fund and Italian Recovery Fund, for which refer to specific comment in table "2.5 Financial assets mandatorily at fair value: breakdown by product" reported in the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 2 - Financial asset at fair value through profit or loss - Item 20.

## Part C - Consolidated income statement

### Section 8 - Net losses/recoveries on credit impairment - Item 130

As at 31 December 2021, Net losses on credit impairment reflect, compared to previous periods, certain new phenomena:

- the update of the disposal strategy of non-performing exposures, which foresees the inclusion of certain Unlikely to Pay exposure and the exclusion of certain illiquid bad loans has led to the recognition of write-downs for -€208 million;
- the update of the macro-economic scenario has led to the recognition of write-backs on loans for €133 million; additionally, further write-downs for -€140 million have been recognized during the period which arise from the adjustments of certain macroeconomic variables which benefitted from economic relief measures introduced by the government whose expiry is expected to result in their worsening;
- methodological enhancements of Staging Framework have led to the recognition of write-downs on loans for -€438 million;
- application of certain local specific overlay have led to the recognition of write-downs on loans for -€119million;
- material changes in IRB Models for PD and LGD calculation in coherence with the EBA "Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures" have led to the recognition of write-downs on loans for -€142million.

In addition to the phenomena above it should be noted that, as at 30 June 2021, given the material relevance of prorogated payment moratoria, PD estimates for clients benefiting from payment moratoria have been floored to the last value representative of a situation before Covid-19 outbreak. Such measure has determined the recognition as of 30 June of additional write-downs for -€68 million. Since this date, these exposures have been measured according to the ordinary processes.

Furthermore, in light of the optional nature of moratoria extension, in order to consider the risk of future credit deterioration, credit exposures have been classified into Stage 2, if not already so classified in previous periods, or as unlikely to pay in case of the riskiest exposures. These adjustments implemented respectively as at 30 June and 30 September, have determined the recognition of additional write-downs for -€153 million in the second quarter and -€160 million in the third quarter. Subsequently these exposures have been measured according to the ordinary processes.

For additional details refer to the Notes to the consolidated accounts, Part E - Information on risks and hedging policies - Section 2 - Risks of the prudential consolidated financial statements.

#### 8.1 Net impairment losses for credit risk relating to financial assets at amortised cost: breakdown

YEAR 2021												YEAR 2020
TRANSACTIONS/INCOME ITEMS	WRITE-DOWNS						WRITE-BACKS				TOTAL	TOTAL
	STAGE 1	STAGE 2	STAGE 3		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
			WRITE-OFF	OTHER	WRITE-OFF	OTHER						
A. Loans and advances to banks	(8)	(3)	-	-	-	-	9	2	2	-	2	14
- Loans	(7)	(1)	-	-	-	-	8	1	2	-	3	16
- Debt securities	(1)	(2)	-	-	-	-	1	1	-	-	(1)	(2)
B. Loans and advances to customers	(818)	(2,242)	(155)	(3,276)	(1)	(5)	672	1,241	2,407	8	(2,169)	(4,654)
- Loans	(813)	(2,154)	(155)	(3,276)	(1)	(5)	657	1,231	2,407	8	(2,101)	(4,636)
- Debt securities	(5)	(88)	-	-	-	-	15	10	-	-	(68)	(18)
Total	(826)	(2,245)	(155)	(3,276)	(1)	(5)	681	1,243	2,409	8	(2,167)	(4,640)

#### 8.1a Net impairment losses for credit risk relating to financial assets at amortised cost subject to Covid-19 measures: breakdown

YEAR 2021								YEAR 2020
NET IMPAIRMENT LOSSES						TOTAL		
TRANSACTIONS/INCOME ITEMS	STAGE 1	STAGE 2	STAGE 3		PURCHASED OR ORIGINATED CREDIT IMPAIRED			
			WRITE-OFF	OTHER	WRITE-OFF		OTHER	
1. EBA-compliant moratoria loans and advances	4	3	-	(2)	-	-	5	(760)
2. Loans under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	6	(123)	-	(31)	-	-	(148)	(25)
3. Loans and advances with other forbearance measures	-	(152)	-	(230)	-	-	(382)	(65)
4. Newly originated loans and advances	1	(32)	-	(59)	-	-	(90)	(63)
Total 12.31.2021	11	(304)	-	(322)	-	-	(615)	
Total 12.31.2020	(18)	(499)	-	(399)	-	3		(913)





## Part C - Consolidated income statement

## Section 12 - Administrative expenses - Item 190

## 12.1 Staff expenses: breakdown

(€ million)

TYPE OF EXPENSES/VALUES	YEAR 2021	YEAR 2020
<b>1) Employees</b>	<b>(6,990)</b>	<b>(7,343)</b>
a) Wages and salaries	(4,325)	(4,245)
b) Social charges	(1,014)	(979)
c) Severance pay	(20)	(31)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(8)	(7)
f) Provision for retirements and similar provisions	(118)	(160)
- Defined contribution	(2)	(3)
- Defined benefit	(116)	(157)
g) Payments to external pension funds	(209)	(222)
- Defined contribution	(208)	(221)
- Defined benefit	(1)	(1)
h) Costs arising from share-based payments	(69)	(53)
i) Other employee benefits	(1,227)	(1,646)
<b>2) Other non-retired staff</b>	<b>(29)</b>	<b>(17)</b>
<b>3) Directors and Statutory Auditors</b>	<b>(8)</b>	<b>(8)</b>
<b>4) Early retirement costs</b>	<b>-</b>	<b>-</b>
<b>5) Recoveries of payments for seconded employees to other companies</b>	<b>17</b>	<b>19</b>
<b>6) Refund of expenses for seconded employees to the company</b>	<b>(35)</b>	<b>(39)</b>
<b>Total</b>	<b>(7,045)</b>	<b>(7,388)</b>

## 12.2 Average number of employees by category

	YEAR 2021	YEAR 2020
<b>Employees</b>	<b>87,565</b>	<b>91,264</b>
a) Senior managers	978	1,003
b) Managers	25,566	26,196
c) Remaining employees staff	61,021	64,066
<b>Other non-retired staff</b>	<b>1,436</b>	<b>1,411</b>
<b>Total</b>	<b>89,001</b>	<b>92,675</b>

## Employees by category at year end

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>Employees</b>	<b>85,675</b>	<b>89,455</b>
a) Senior managers	948	1,008
b) Managers	25,230	25,902
c) Remaining employees staff	59,497	62,545
<b>Other non-retired staff</b>	<b>1,490</b>	<b>1,381</b>
<b>Total</b>	<b>87,165</b>	<b>90,836</b>

## Part C - Consolidated income statement

### 12.3 Defined benefit company retirement funds: costs and revenues

	(€ million)	
	YEAR 2021	YEAR 2020
Current service cost	(107)	(100)
Settlement gains (losses)	30	-
Past service cost	-	-
Interest cost on the DBO	(82)	(114)
Interest income on plan assets	43	57
Other costs/revenues	-	-
Administrative expenses paid through plan assets	-	-
<b>Total recognised in profit or loss</b>	<b>(116)</b>	<b>(157)</b>

With regard to the gain on settlement of €30 million, refer to paragraph "10.5 Pensions and other post-retirement defined-benefit obligations", Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities.

### 12.4 Other employee benefits

	(€ million)	
	YEAR 2021	YEAR 2020
- Seniority premiums	(3)	(7)
- Leaving incentives	(1,023)	(1,426)
- Other	(201)	(213)
<b>Total</b>	<b>(1,227)</b>	<b>(1,646)</b>

The net balance in the sub-item Leaving incentives for 2021 is mainly determined by the new strategic plan, announced to the market on 9 December 2021. It envisages a reduction of the workforce over the plan horizon and the recognition of restructuring costs, for €1,023 million, as at 31 December 2021 in force of specific communications to Workers Council ("WoC" thereafter).

The main impacted countries are Germany, Austria and Italy. In detail:

- in Germany the exits will be realized on individual basis;
- in Austria the exits will be realized mainly on individual basis and on early retirement plan;
- in Italy the exits for restructuring will be realized on a voluntary basis. In this regard, the negotiations with the Trade Unions have been finalised on 27 January 2022.

It should be noted that these expenses are initially recognised as provisions for risks and charges and will be reclassified to other liabilities when a specific debt toward the employees will arise.

## Part C - Consolidated income statement

## 12.5 Other administrative expenses: breakdown

TYPE OF EXPENSES/SECTORS	(€ million)	
	YEAR 2021	YEAR 2020
<b>1) Indirect taxes and duties</b>	<b>(568)</b>	<b>(614)</b>
1a. Settled	(566)	(612)
1b. Unsettled	(2)	(2)
<b>2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)</b>	<b>(910)</b>	<b>(719)</b>
<b>3) Guarantee fees for DTA conversion</b>	<b>(104)</b>	<b>(112)</b>
<b>4) Miscellaneous costs and expenses</b>	<b>(2,630)</b>	<b>(2,646)</b>
a) Advertising marketing and communication	(153)	(155)
b) Expenses relating to credit risk	(119)	(129)
c) Indirect expenses relating to personnel	(55)	(66)
d) Information & Communication Technology expenses	(1,142)	(1,093)
Lease of ICT equipment and software	(73)	(76)
Software expenses: lease and maintenance	(270)	(258)
ICT communication systems	(72)	(68)
Services ICT in outsourcing	(605)	(568)
Financial information providers	(122)	(123)
e) Consulting and professionals services	(182)	(200)
Consulting	(136)	(153)
Legal expenses	(46)	(47)
f) Real estate expenses	(405)	(427)
Premises rentals	(48)	(45)
Utilities	(132)	(136)
Other real estate expenses	(225)	(246)
g) Operating costs	(574)	(576)
Surveillance and security services	(59)	(90)
Money counting services and transport	(49)	(47)
Printing and stationery	(27)	(34)
Postage and transport of documents	(75)	(75)
Administrative and logistic services	(186)	(144)
Insurance	(68)	(65)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(65)	(64)
Other administrative expenses - other	(45)	(57)
<b>Total (1+2+3+4)</b>	<b>(4,212)</b>	<b>(4,091)</b>

## Part C - Consolidated income statement

### Contributions to Resolution and Guarantee funds

Item "Other administrative expenses" includes the Group contributions to resolution funds ("SRF") and guarantee funds ("DGS"), harmonised and non-harmonised, due pursuant to the Directives No.49 and No.59 of 2014.

In more details:

- With the introduction of the European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism ("BRRD Directive" Regulation (EU) No.806/2014 of the European Parliament and of the Council dated 15 July 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and a single resolution fund for banks (Single Resolution Fund, "SRF"). The Directive provides for the launch of a compulsory contribution mechanism that entails the collection of the target level of resources by 31 December 2023, equal at least to 1% of the amount of the covered deposits of all the authorised institutions in the States of the European Union. The accumulation period may be extended for further four years if the funding mechanisms have made cumulative disbursements for a percentage higher than 0.5% of the covered deposits. If the available financial resources fall below the target level after the accumulation period, the collection of contributions shall resume until that level has been recovered. Additionally, after having reached the target level for the first time and, in the event that the available financial resources fall to less than two thirds of the target level, these contributions are set at that level which allows to reach the target level within a period of six years. The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions, of up to three times the expected annual contributions, when the available financial resources are not sufficient to cover losses and costs of interventions. A transitional phase of contributions to the national compartments of the SRF and a progressive mutualisation of these are expected.
- The Directive 2014/49/EU of 16 April 2014, in relation to the DGS - Deposit Guarantee Schemes, aims to enhance the protection of depositors through the harmonisation of the related national legislation. The Directive provides for the launch of a mandatory national contribution mechanism that will allow a target level of at least 0.8% of the amount of its members' covered deposits to be collected by 2024. The contribution resumes when the financing capacity is below the target level, at least until the target level is reached. If the available financial resources have been reduced to below two thirds of the target level after it has been reached for the first time, the regular contribution shall be set at that level which allows to reach the target level within six years. The national contribution mechanism provides for ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, and also extraordinary contributions, if the available financial resources are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5% of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions.

The Directives No.49 and No.59 specify the possibility of introducing irrevocable payment commitments as an alternative to collection of fund contributions lost through cash, up to a maximum of 30% of the total resources target.

Contributions to these schemes are accounted for in accordance with IFRIC21 "Levies". Therefore, contributions are recognised in income statement when the obligating event identified by the legislation (i.e., having covered deposits at a certain date), that triggers the payment of the obligation, occurs. Being economically compelled to continue to have covered deposits or assumption of going concern does not represent a present obligation under IFRIC21 to pay such contributions for future periods. Future contributions will be recognised when they accrue upon occurrence of the obligating event.

As at 31 December 2021, with reference to Directive No.59 (SRF contributions), Group contributions recognised through the income statement totaled €575 million, of which: i) ordinary contributions for €510 million (of which, €205 million UniCredit S.p.A.); ii) extraordinary contributions for €65 million (entirely UniCredit S.p.A.).

In particular, the extraordinary contribution refers to the payment due to the National Resolution Fund ("NRF") in 2021, in the context of the resolution programme for the "four banks" (Banca delle Marche, Banca dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara, Cassa di Risparmio della Provincia di Chieti). To this regard, it is worth reminding that in 2016 the resolution programme requested additional funding, provided through pool loans (in which UniCredit participated), whose last tranche matured in July 2021. Thus, extraordinary contributions were also requested to fund interests and capital redemption related to the last tranche of the loan.

With reference to Directive No.49 (DGS contribution), Group contributions recognised through the income statement totaled €335 million, of which: i) ordinary contributions for €290 million (of which, €121 million UniCredit S.p.A.); ii) additional contributions for €45 million (entirely UniCredit S.p.A.). Such contribution also includes the amounts recognised by UniCredit Bank AG and referred to the contribution to the Compensation Scheme of German Private Banks<sup>30</sup>.

As at 31 December 2021, no irrevocable payment commitments payment commitments were used.

Here follows a table with the recap of the above-mentioned contributions.

<sup>30</sup> Entschädigungseinrichtung Deutscher Banken.



## Part C - Consolidated income statement

## Contributions to Resolution and Guarantee Funds (included the ones paid through irrevocable payment commitments)

	(€ million)	
	GROUP	o/w UniCredit S.p.A.
<b>Directive No.59 (SRF contributions), o/w:</b>		
Ordinary contributions:		
2021	510	205
2020	425	161
Extraordinary contributions:		
2021	65	65
2020	51	51
<b>Directive No.49 (DGS contributions), o/w:</b>		
Ordinary contributions:		
2021	290	121
2020	235	90
Extraordinary contributions:		
2021	45	45
2020	43	44

## Guarantee fees for DTA conversion

In order to preserve for the future the regime of conversion of DTAs into tax credits, and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, Art.11 of DL 3 May 2016 No.59 (so-called "Banks Decree", converted into Law 30 June 2016 No.119), introduced the possibility, starting from 2016 since 2030, to elect for the payment of an annual fee equal to 1.5% levied on an aggregate amount deriving from the difference between:

- the increase in convertible DTAs recognised at the end of the fiscal year and the convertible DTA existing as at 31 December 2007, for IRES tax, and as at 31 December 2012 for IRAP tax, taking into account the amounts already converted into tax credits;
- taxes:
  - IRES paid by Tax Group starting from 1 January 2008;
  - IRAP paid starting from 1 January 2013 by legal entities included in Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

The whole fee due for the 2021 financial year has been paid on 29 June 2021 by UniCredit S.p.A. (as required by law) for a total amount of €104,3 million, in relation to the companies belonging to the Italian tax consolidation, of which €99,8 million related to UniCredit S.p.A. itself, €4.2 million to UniCredit Leasing S.p.A. and €0.3 million to UniCredit Factoring S.p.A.

## Fees paid to the auditing firm

Pursuant to article 2427, first paragraph of the Italian Civil Code, the fees paid to the auditing firm Deloitte & Touche S.p.A. (and firms in its network) by UniCredit S.p.A. and the Italian entities of the UniCredit group relating to financial year 2021 were as follows:

- legal audit of annual accounts (including the audit of the first half financial report): €4.6 million;
- other checks: €3.4 million;
- other non-audit services: €5.8 million.

The above amounts are net of VAT and expenses.

## Section 13 - Net provisions for risks and charges - Item 200

## 13.1 Net provisions for credit risk from loans commitments and financial guarantees given: breakdown

	(€ million)		
	YEAR 2021		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Loan commitments	(370)	340	(30)
Financial guarantees given	(324)	342	18

## Part C - Consolidated income statement

## 13.2 Net provisions for other commitments and guarantees given: breakdown

(€ million)

	YEAR 2021		TOTAL
	PROVISIONS	SURPLUS REALLOCATIONS	
Other commitments	(10)	6	(4)
<i>of which: commitment related to contribution for Resolution funds and Guarantee schemes</i>	-	-	-
Other guarantees given	(88)	78	(10)

## 13.3 Net provisions for risks and charges: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2021			YEAR 2020 TOTAL
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	
<b>1. Other provisions</b>				
1.1 Legal disputes	(431)	150	(281)	(98)
1.2 Staff costs	(2)	1	(1)	(5)
1.3 Other	(262)	193	(69)	(55)
<b>Total</b>	<b>(695)</b>	<b>344</b>	<b>(351)</b>	<b>(158)</b>

Net provisions for risks and charges are referred to revocatory action, claims for compensation, legal and other disputes, and are updated on the basis of the evolution of cases in progress and to the assessment of their foreseen outcomes.

The item "1.1 Legal disputes" is mainly contributed by provisions made by the parent company UniCredit S.p.A. and its subsidiary UniCredit Bank AG (for further information refer to Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, B. Legal risks).

The item "1.3 Other" is mainly contributed by provisions made by the parent company UniCredit S.p.A. and its subsidiary UniCredit Bank AG for various types of risks (refer to Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information).

## Section 14 - Net value adjustments/write-backs on property, plant and equipment - Item 210

## 14.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2021			NET PROFIT (A+B-C)
	DEPRECIATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	
<b>A. Property, plant and equipment</b>				
<b>A.1 Used in the business</b>	<b>(747)</b>	<b>(106)</b>	<b>13</b>	<b>(840)</b>
- Owned	(428)	(29)	1	(456)
- Right of use of Leased Assets	(319)	(77)	12	(384)
<b>A.2 Held for investment</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
- Owned	(1)	-	-	(1)
- Right of use of Leased Assets	-	-	-	-
<b>A.3 Inventories</b>	<b>-</b>	<b>(17)</b>	<b>1</b>	<b>(16)</b>
<b>Total A</b>	<b>(748)</b>	<b>(123)</b>	<b>14</b>	<b>(857)</b>
<b>B. Non-current assets and groups of assets held for sale</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Used in the business	X	-	-	-
- Held for investments	X	-	-	-
- Inventories	X	-	-	-
<b>Total (A+B)</b>	<b>(748)</b>	<b>(123)</b>	<b>14</b>	<b>(857)</b>

## Part C - Consolidated income statement

### Section 15 - Net value adjustments/write-backs on intangible assets - Item 220

In 2021 net value adjustments/write-backs on intangible assets were -€621 million.

The amortization and the impairment losses are mainly referred to UniCredit Services S.C.p.A.

For further details refer to Part B - Consolidated balance sheet - Assets - Section 10 - Intangible assets - Item 100.

#### 15.1 Net value adjustments/write-backs on intangible assets: breakdown

ASSETS/INCOME ITEMS	YEAR 2021			(€ million)
	AMORTISATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	NET PROFIT (A+B-C)
<b>A. Intangible assets</b>				
<i>of which: software</i>	(497)	(123)	-	(620)
<b>A.1 Owned</b>	<b>(498)</b>	<b>(123)</b>	<b>-</b>	<b>(621)</b>
- Generated internally by the company	(353)	(104)	-	(457)
- Other	(145)	(19)	-	(164)
<b>A.2 Right of use of Leased Assets</b>	-	-	-	-
<b>Total</b>	<b>(498)</b>	<b>(123)</b>	<b>-</b>	<b>(621)</b>

### Section 16 - Other operating expenses/income - Item 230

#### Other net operating income: breakdown

INCOME ITEMS/VALUE	YEAR 2021		(€ million)
	YEAR 2020		
Total of other operating expenses	(670)	(742)	
Total of other operating income	1,236	1,255	
<b>Other operating expenses/income</b>	<b>566</b>	<b>513</b>	

#### 16.1 Other operating expenses: breakdown

TYPE OF EXPENSE/VALUES	YEAR 2021		(€ million)
	YEAR 2020		
Costs for operating leases	(3)	(2)	
Non-deductible tax and other fiscal charges	(2)	(2)	
Write-downs on leasehold improvements	(89)	(61)	
Costs relating to the specific service of financial leasing	(45)	(82)	
Other	(531)	(595)	
<b>Total other operating expenses</b>	<b>(670)</b>	<b>(742)</b>	

The item "Other" includes:

- various settlements and indemnities for €185 million;
- trading of gold, precious metals and diamonds for €79 million;
- non-deductible VAT for €51 million;
- amortization on leasehold improvements classified as "Other assets" for €32 million;
- additional costs relating to customer accounts for €30 million;
- additional costs for the leasing business for €14 million.

## Part C - Consolidated income statement

### 16.2 Other operating income: breakdown

TYPE OF REVENUE/VALUES	(€ million)	
	YEAR 2021	YEAR 2020
<b>A) Recovery of costs</b>	<b>512</b>	<b>487</b>
<b>B) Other revenues</b>	<b>724</b>	<b>768</b>
Revenues from administrative services	35	39
Revenues from operating leases	183	211
Recovery of miscellaneous costs paid in previous years	20	11
Revenues on financial leases activities	68	74
Other	418	433
<b>Total other operating income (A+B)</b>	<b>1,236</b>	<b>1,255</b>

The sub-item "Others" includes:

- income related to the review of the terms of the existing business relationship between UniCredit and SIA for €127 million (of which €79 million related to the renewal interest and €48 million referred to the settlement agreement);
- trading of gold and precious metals for €67 million;
- payments of indemnities and compensation of €37 million;
- recovery of expenses (e.g. from ICT infrastructure) for €36 million;
- additional income received from leasing business for €14 million.

### Section 17 - Gains (Losses) of equity investments - Item 250

In 2021 profit (loss) of associates amounts to -€1,462 million (-€1,297 million in 2020), attributable to jointly owned companies for +€17 million and to companies subject to significant influence for -€1,479 million.

For further information on Yapi Ve Kredi Bankasi A.S. transaction see Parte B - Consolidated balance sheet - Assets - Section 7 - Equity Investments - Item 70 - 7.1 Equity investments: information on shareholders' equity.

This result consists of "A. Income" of +€594 million and "B. Expense" of -€2,056 million. In more detail:

- sub-item "A. Income" includes:
  - +€486 million of revaluations related to gain on companies valued at Equity method, mainly: Yapi Ve Kredi Bankasi A.S. (+€135 million, which contribution stopped starting from November following the reclassification of the stake in assets held for sale), Creditas Vita S.p.A. (+€70 million), Oberbank Ag (+€64 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€38 million), Aviva S.p.A. (+€35 million), Oesterreichische Kontrollbank Aktiengesellschaft (+€30 million), Bks Bank Ag (+€30 million), Cnp UniCredit Vita S.p.A. (+€25 million), Creditas Assicurazioni S.p.A. (+€18 million);
  - +€19 million of gain on disposal, mainly attributable to the disposal price adjustment of Capital Dev S.p.A. (+€17 million);
  - +€89 million of write-backs mainly related to Oberbank Ag (+€43 million) e Bks Bank Ag (+€37 million).
- sub-item "B. Expense" includes:
  - -€2 million of write-downs referred to losses on companies valued at Equity method;
  - -€438 million of impairment losses, attributable to write-downs on investments valued at Equity method, mainly: Yapi Ve Kredi Bankasi A.S. (for -€265 million related to the impairment of the stake of 20% classified in item "Equity Investments" and for -€76 million related to the impairment following the classification of the stake of 18% in item "Non-current assets and disposal group classified as held for sale"), and Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€86 million);
  - -€1,616 million of loss on disposal, due to the following transactions related to 20% stake in Yapi Ve Kredi Bankasi A.S.: (i) -€155 million referred to the disposal of the stake of 2% in the Market; (ii) -€1,461 million to the deconsolidation of the stake of 18% following the loss of UniCredit's significant influence over Yapi Ve Kredi Bankasi A.S., resulting in the consequent recognition of a financial instrument in Financial assets measured at fair value through profit or loss.

The impact due to the to the deconsolidation of the stake of 18% of Yapi Ve Kredi Bankasi A.S. is entirely related to the valuation at fair value (equal to the price in Turkish Lira for TRY 2.298 per share, already defined in the contest of the negotiation with Koç Holding) of the remaining share retained at the date of loss of significant influence and implied the recycle through profit or loss of the reserves basically referred to exchange rate differences on Turkish Lira.

## Part C - Consolidated income statement

## 17.1 Gains (Losses) of equity investments: breakdown

		(€ million)	
INCOME ITEMS/SECTORS	YEAR 2021	YEAR 2020	
<b>1) Jointly owned companies - Equity</b>			
<b>A. Income</b>	<b>17</b>	<b>-</b>	
1. Revaluations	-	-	
2. Gains on disposal	17	-	
3. Write-backs	-	-	
4. Other gains	-	-	
<b>B. Expenses</b>	<b>-</b>	<b>-</b>	
1. Write-downs	-	-	
2. Impairment losses	-	-	
3. Losses on disposal	-	-	
4. Other expenses	-	-	
<b>Net profit</b>	<b>17</b>	<b>-</b>	
<b>2) Companies under significant influence</b>			
<b>A. Income</b>	<b>577</b>	<b>406</b>	
1. Revaluations	486	395	
2. Gains on disposal	2	3	
3. Write-backs	89	8	
4. Other gains	-	-	
<b>B. Expenses</b>	<b>(2,056)</b>	<b>(1,703)</b>	
1. Write-downs	(2)	(11)	
2. Impairment losses	(438)	(119)	
3. Losses on disposal	(1,616)	(1,573)	
4. Other expenses	-	-	
<b>Net profit</b>	<b>(1,479)</b>	<b>(1,297)</b>	
<b>Total</b>	<b>(1,462)</b>	<b>(1,297)</b>	

In 2020 profit (loss) of associates amounted to -€1,297 million, exclusively attributable to companies subject to significant influence.

This result was consisted of "A. Income" of +€406 million and "B. Expense" of -€1,703 million. In more detail:

- sub-item "A. Income" included:
  - +€395 million of revaluations related to gain on companies valued at Equity method, mainly: Yapi Ve Kredi Bankasi A.S. (+€117 million), Creditras Vita S.p.A. (+€60 million), Aviva S.p.A. (+€39 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€35 million), Oberbank Ag (+€25 million), Comtrade Group B.V. (+€19 million), Oesterreichische Kontrollbank Aktiengesellschaft (+€18 million), Bks Bank Ag (+€18 million), Cnp UniCredit Vita S.p.A. (+€18 million), Barn Bv (+€17 million), Creditras Assicurazioni S.p.A. (+€13 million);
  - +€3 million of gain on disposal attributable Torre SGR S.p.A. (+€3 million);
  - +€8 million of write-backs mainly related to the residual stake of 20% in Yapi Ve Kredi Bankasi A.S. (+€8 million).
- sub-item "B. Expense" included:
  - -€11 million of write-downs referred to losses on companies valued at Equity method, mainly: Camfin S.p.A. (-€6 million), Da Vinci S.r.l. (-€3 million);
  - -€119 million of impairment losses, attributable to write-downs on investments valued at Equity method, mainly: Bks Bank Ag (-€73 million) and Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€37 million);
  - -€1,573 million of loss on disposal, due to the impact arising from the disposal of holding percentage of Yapi Ve Kredi Bankasi A.S. (of which - €906 million referred to the stake of 11.93% and -€667 million to the stake of 9.02%).

During 2020 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.





## Part C - Consolidated income statement

### A. Property

Net gains of +€14 million includes the results of property sales carried out by some Group companies.

### B. Other assets

Net losses of -€3 million mainly includes losses from deconsolidation of some equity investments.

During 2021 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

At 31 December 2020 gains (losses) on disposals of investments were +€488 million and refer to:

### A. Property

Net gains of +€463 million included the results of the property rationalisation carried out mainly through the sale of a real estate complex in Munich, held by UniCredit Bank AG, composed by both real estate assets held for investment and real estate assets used in the business. The sale of the real estate complex, occurred in the first quarter 2020, has determined the recognition of a gain on disposal for €443 million.

### B. Other assets

Net gains of +€25 million mainly included gains from disposal of some equity investments including General Logistic Solutions Llc (+€14 million).

During 2020 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

## Section 21 - Tax expenses (income) for the period from continuing operations - Item 300

Each country has an autonomous tax system where the determination of the tax base, the level of tax rates, nature, type, and timing of tax obligations might differ, even significantly. Such differences also exist amongst EU Member States.

Italy, Germany, Austria, the main countries where the UniCredit group operates, all have domestic income tax consolidation regimes.

Tax consolidation rules differ among countries, sometimes markedly. The main and common benefit of a domestic tax consolidation regime is the faculty of offsetting profits and losses of companies and entities belonging to the same tax consolidation perimeter. The requirements to be included in a domestic tax consolidation regime can be very different from those set for the purpose of accounting consolidation for a banking group according to the international IAS/IFRS or local accounting standards.

The nominal corporate income tax rates in the key countries for the Group are: 31.8% in Germany (also taking into account the "solidarity surcharge" and the municipal trade tax), 25% in Austria, 10% in Bulgaria, 18% in Croatia, 19% in Slovenia, 16% in Romania, 19% in the Czech Republic, 21% in Slovak Republic, 20% in Russia, 9% in Hungary, 15% in Serbia and 10% in Bosnia and Herzegovina. Corporate income tax rate in non-key countries are: 27% in the United Kingdom (including the 8% surcharge applied to Banking institutions), 12.5% in Ireland, 24.94% in Luxembourg, 21% of federal tax in the United States and 25% in China.

In Italy the standard corporate income tax rate (IRES) is equal to 24%, to be increased by a 3.5% surcharge applicable to banking and other financial entities. Therefore, for UniCredit S.p.A. and for the other banks and financial entities belonging to the Group, the applicable tax rate is equal to 27.5%.

The Italian Regional Tax on Productive Activities (IRAP) is levied at a rate of 4.65% to be increased by a surcharge applied separately by each Region reaching a maximum nominal rate of 5.57%. To the resulting amount, an additional surcharge of 0.15% decided autonomously by each Region with an healthcare deficit status, can be applied. For UniCredit S.p.A. the nominal IRAP tax rate is 5.34%. IRAP has a slightly different taxable base than IRES and does not allow the offsetting of its taxable base with tax losses carried forward.

## Part C - Consolidated income statement

For Tax expenses (income) for the period of the Parent company reference is made to paragraph "Section 19 - Tax expenses (income) for the period from continuing operations - Item 270" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part C - Income statement, which is herewith quoted entirely.

### 21.1 Tax expense (income) relating to profit or loss from continuing operations: breakdown

(€ million)		
INCOME ITEMS/SECTORS	YEAR 2021	YEAR 2020
1. Current taxes (-)	(732)	(608)
2. Change of current taxes of previous years (+/-)	78	200
3. Reduction of current taxes for the year (+)	132	153
3.bis Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	877	806
4. Change of deferred tax assets (+/-)	(104)	(987)
5. Change of deferred tax liabilities (+/-)	80	114
6. <b>Tax expenses for the year (-) (-1+/-2+3+3bis+/-4+/-5)</b>	<b>331</b>	<b>(322)</b>

Item tax expense (income) relating to profit or loss from continuing operations includes:

- the impacts arising from the settlement and evolution of tax claims with German Local Tax Authorities;
- the effects related to the Deferred Tax Assets sustainability test, for which refer to the paragraph "Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets.

### 21.2 Reconciliation of theoretical tax charge to actual tax charge

(€ million)		
	YEAR 2021	YEAR 2020
<b>Profit (Loss) before tax from continuing operations (income statement item)</b>	<b>1,235</b>	<b>(2,505)</b>
Theoretical tax rate	27.5%	27.5%
<b>Theoretical computed taxes on income</b>	<b>(340)</b>	<b>689</b>
1. Different tax rates	11	66
2. Non-taxable income - permanent differences	(435)	(89)
3. Non-deductible expenses - permanent differences	(368)	(69)
4. Different fiscal laws/IRAP	(89)	(27)
a) IRAP (italian companies)	(50)	(11)
b) Other taxes (foreign companies)	(39)	(16)
5. Previous years and changes in tax rates	171	288
a) Effects on current taxes	247	420
- Tax loss carryforward/unused Tax credit	132	153
- Other effects of previous periods	115	267
b) Effects on deferred taxes	(76)	(132)
- Changes in tax rates	-	5
- New taxes incurred (+) previous taxes revocation (-)	-	-
- True-ups/adjustments of the calculated deferred taxes	(76)	(137)
6. Valuation adjustments and non-recognition of deferred taxes	1,347	(657)
a) Deferred tax assets write-down	(46)	(697)
b) Deferred tax assets recognition	1,397	153
c) Deferred tax assets non-recognition	(11)	(23)
d) Deferred tax assets non-recognition according to IAS12.39 and 12.44	12	(82)
e) Other	(5)	(8)
7. Amortisation of goodwill	-	7
8. Non-taxable foreign income	15	(9)
9. Other differences	19	(521)
<b>Recognised taxes on income</b>	<b>331</b>	<b>(322)</b>

## Part C - Consolidated income statement

### Section 22 - Profit (Loss) after tax from discontinued operations - Item 320

#### 22.1 Profit (Loss) after tax from discontinued operations: breakdown

(€ million)		
INCOME ITEMS/SECTORS	YEAR 2021	YEAR 2020
1. Income	24	8
2. Expenses	(18)	(3)
3. Valuation of discontinued operations and related liabilities	(2)	(1)
4. Profit (Loss) on disposal	-	64
5. Tax	-	(19)
<b>Profit (Loss)</b>	<b>4</b>	<b>49</b>

The item "Profit (Loss) after tax from discontinued operations" as at 31 December 2021, equal to €4 million, refers to the profit of the period of the company OT-Optima Telekom DD.

As at 31 December 2020 the item included mainly the realized gain from sale of the company Arwag Holding-Aktiengesellschaft in the amount of €64 million.

#### 22.2 Breakdown of tax on discontinued operations

(€ million)		
	YEAR 2021	YEAR 2020
1. Current taxes (-)	-	(21)
2. Changes in deferred tax assets (+/-)	-	-
3. Changes in deferred tax liabilities (+/-)	-	2
<b>4. Income tax (-1+/-2+/-3)</b>	<b>-</b>	<b>(19)</b>

### Section 23 - Minority profit (loss) of the year - Item 340

The profit for 2021 attributable to minority interests is equal to +€30 million.

The main contributions are attributable to the minority shareholders of Zagrebacka Banka D.D. and its subsidiary UniCredit Bank D.D. and UniCredit Bank Austria AG Sub-Group, mainly referring to the minority shareholders of DC Bank AG and Card Complete Service Bank AG.

The profit for 2020 attributable to minority interests was equal to +€7 million.

#### 23.1 Breakdown of item 340 "Minority gains (losses)"

(€ million)		
	2021	2020
<b>Consolidated equity investments with significant minority interests</b>	<b>20</b>	<b>6</b>
Zagrebacka Banka D.D.	23	6
UniCredit Bank D.D.	7	6
UniCredit Bank Austria AG Sub-Group	(10)	(6)
<b>Other equity investments</b>	<b>10</b>	<b>1</b>
<b>Total</b>	<b>30</b>	<b>7</b>

## Part C - Consolidated income statement

### Section 24 - Other information

#### Disclosure regarding the transparency of public funding required by article 1, paragraph 125 of the Law 124/2017

Pursuant to Art.1, paragraph 125 of Law 124/2017, during 2021 the UniCredit group collected the following public contributions granted by Italian entities:

#### Reduction of the extraordinary contribution pursuant to Art.1, paragraph 235 of Law 232 of 11 December 2016 charged to the management of welfare interventions and pension support

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.49
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	-0.03
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.00
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>0.46</b>

#### Contributions for the recruitment/stabilisation of personnel deriving from the application of the CCNL of the Credit in force from time to time

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT S.P.A.	5.41
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT SERVICES S.C.P.A.	0.45
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT LEASING S.P.A.	0.01
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	CORDUSIO SIM S.P.A.	0.01
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT FACTORING S.P.A.	0.01
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT BANK AG (Milan Branch)	0.04
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>5.92</b>



## Part C - Consolidated income statement

## Contributions for new recruits/stabilisations, introduced by the stability law 2018 (law No.205/2017)

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.72
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	0.25
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.04
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>1.01</b>

## Article 8 of Legislative Decree 30/9/2005, n.203 converted, with modifications, from the law 2 December 2005, n.248. Compensatory measures for companies that assign the TFR to supplementary pension schemes and/or to the Fund for the payment of the TFR

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	8.36
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	0.58
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.10
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.13
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.05
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.14
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.01
<b>Total</b>		<b>9.39</b>

## Part C - Consolidated income statement

## Result awards decontribution for year 2020 - Decree 50 of 24/4/2017 - article 55; converted into law 96 of 21/6/2017

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	2.81
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	0.18
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.03
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.01
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>3.05</b>

## Ordinary Section of Solidarity Fund - Covid Absence - Decree Law 17 March 2020, n. 18

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	36.02
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	0.03
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.18
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.03
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.02
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.00
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.01
<b>Total</b>		<b>36.29</b>

## Part C - Consolidated income statement

## Contributions to alternation of work-schooling

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT S.P.A.	0.78
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT SERVICES S.C.P.A.	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT LEASING S.P.A.	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	CORDUSIO SIM S.P.A.	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT FACTORING S.P.A.	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT BANK AG (Milan Branch)	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>0.78</b>

For further information, refer to the National State Aid Register "Transparency".

## Section 25 - Earnings per share

## 25.1 and 25.2 Average number of diluted shares and other information

	YEAR 2021	YEAR 2020
Net profit (Loss) attributable to the Group (€ million)	1,510	(2,907)
Average number of outstanding shares	2,221,699,263	2,226,668,543
Average number of potential dilutive shares	14,329,935	12,861,551
Average number of diluted shares	2,236,029,199	2,239,530,094
<b>Earnings per share (€)</b>	<b>0.680</b>	<b>(1.306)</b>
<b>Diluted earnings per share (€)</b>	<b>0.675</b>	<b>(1.298)</b>

€30 million has been deducted from the 2021 net profit attributable to the Group of €1,540 million due to the cash-out (charged to net equity, which occurred in the first quarter of 2021 relating to the last payment referred to the results of the year 2019) connected to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for supporting the issuance of convertible securities denominated "Cashes" (€122 million was added to 2020 net loss attributable to the Group).

Net of the average number of treasury shares, considering the shares buyback made during the Financial Year 2021 (part of them cancelled in October), and of further No.9,675,640 shares held under a contract of usufruct.

## Part D - Consolidated other comprehensive income

## Consolidated analytical statement of other comprehensive income

(€ million)

ITEMS	AS AT	
	12.31.2021	12.31.2020
<b>10. Profit (Loss) for the year</b>	<b>1,570</b>	<b>(2,778)</b>
<b>Other comprehensive income not reclassified to profit or loss</b>		
20. Equity instruments designated at fair value through other comprehensive income:	145	(114)
a) fair value changes	121	(93)
b) transfers to other shareholders' equity items	24	(21)
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes):	39	(117)
a) fair value changes	(28)	(173)
b) transfers to other shareholders' equity items	67	56
40. Hedge accounting of equity instruments measured at fair value through other comprehensive income:	-	-
a) fair value change (hedged instrument)	-	-
b) fair value change (hedging instrument)	-	-
50. Property, plant and equipment	123	51
60. Intangible assets	-	-
70. Defined benefit plans	270	(372)
80. Non-current assets and disposal groups classified as held for sale	6	(6)
90. Part of valuation reserves from investments valued at equity method	27	(6)
100. Tax expenses (income) relating to items not reclassified to profit or loss	41	102
<b>Other comprehensive income reclassified to profit or loss</b>		
110. Foreign investments hedging:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Foreign exchange differences:	287	(922)
a) value changes	285	(923)
b) reclassification to profit or loss	2	1
c) other changes	-	-
130. Cash flow hedging:	(356)	(67)
a) fair value changes	(360)	(59)
b) reclassification to profit or loss	-	1
c) other changes	4	(9)
<i>of which: net position</i>	-	-
140. Hedging instruments (non-designated items):	-	-
a) value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
150. Financial assets (different from equity instruments) at fair value through other comprehensive income:	(512)	199
a) fair value changes	(341)	345
b) reclassification to profit or loss:	(181)	(126)
- impairment losses	17	13
- gains/losses on disposals	(198)	(139)
c) other changes	10	(20)
160. Non-current assets and disposal groups classified as held for sale:	1,585	668
a) fair value changes	(34)	-
b) reclassification to profit or loss	1,619	668
c) other changes	-	-
170. Part of valuation reserves from investments valued at equity method:	(1)	736
a) fair value changes	(1)	(144)
b) reclassification to profit or loss:	(8)	888
- impairment losses	-	-
- gains/losses on disposals	(8)	888
c) other changes	8	(8)
180. Tax expenses (income) relating to items reclassified to profit or loss	169	(54)
<b>190. Total other comprehensive income</b>	<b>1,823</b>	<b>98</b>
<b>200. Other comprehensive income (Item 10+190)</b>	<b>3,393</b>	<b>(2,680)</b>
210. Minority consolidated other comprehensive income	(30)	2
<b>220. Parent Company's consolidated other comprehensive income</b>	<b>3,363</b>	<b>(2,678)</b>

## Part E - Information on risks and hedging policies

### Introduction

UniCredit group monitors and manages its risks through tight methodologies and procedures proving to be effective through all phases of the economic cycle.

The steering, coordination and control role of the Group's risks is performed by the Parent Company's Risk Management function.

The structure's "Risk Management" mission, under the responsibility of the Group Risk Officer (Group CRO) is to:

- optimise the quality of the Group's assets, minimising the risk cost in accordance with the risk/profitability goals set for the business areas;
- ensure the strategic steering and definition of the Group's risk management policies;
- define and supply the Heads of the Business Functions and Entities with the criteria for assessing, managing, measuring, monitoring and communicating risk. It also ensures that the procedures and systems designed to control risk at Group and individual Entity level are coherent;
- help to build a risk culture across the Group by training and developing highly qualified staff, in conjunction with the competent People & Culture functions;
- help to find ways to rectify asset imbalances, where needed in conjunction with Group CFO;
- help the Business Functions to achieve their goals, including by assisting in the development of products and businesses (e.g. innovation of credit products, competitive opportunities linked to Basel accords, etc.);
- support the CEO in defining the Group Risk Appetite proposal, to be shared in the Group Risk Committee and submitted for approval to the Board of Directors, as preliminary and preparatory step for the yearly and multi-yearly budget plan pertaining to the Group CFO. The Group Risk Appetite will include a series of parameters defined by the CRO, with the contribution of Group CFO and other relevant functions; each parameter can be complemented by limits and thresholds proposed by the CRO<sup>31</sup> and targets proposed by the Group CFO and/or by the relevant Group functions, each respecting their mission and internal regulations. The Group CRO is responsible for ensuring the overall coherence of the proposed parameters and values. Furthermore, Group CRO is responsible for ensuring the CEO and the Board of Directors the coherence of the Group Risk Appetite with the Group strategic guidelines, as well as the coherence of the budget goals with the Group Risk Appetite setting and the periodical monitoring of the RAF. Group CFO remains responsible for monitoring the performances of the Group and of the business functions, in order to identify possible underperforming areas and the related corrective measures;
- supporting the Chief Executive Officer in the management and supervision of Internal Control System ("ICS"), in particular promoting and monitoring the initiatives impacting the overall Internal Control System.

Such mission is accomplished by coordinating the Group's risk management as a whole. More specifically, it involves carrying out the following macro-functions<sup>32</sup>:

- governing and checking credit, cross-border, market, balance sheet, liquidity, operational and reputational risk for the Group as well as any other risks relating to Basel II Pillar II (e.g. strategic, real estate, financial investment, business risks), by defining risk strategies and limits, developing risk measurement methodologies<sup>33</sup>, performing stress tests and portfolio analysis;
- supervising, on a Group level and for UniCredit S.p.A., Basel accords related activities;
- coordinating the internal capital measurement process within the "Internal Capital Adequacy Assessment Process" ("ICAAP") and coordinating activities for drawing up the "ICAAP Regulatory Report";
- performing internal validation activities, at Group level<sup>34</sup>, on systems for measuring, credit, operating and market risks, or Pillar II risks<sup>35</sup> on related processes and data quality and IT components, as well as on models for pricing financial instruments, in order to check that they conform to regulatory requirements and in-house standards, overseeing consequently the non-compliance risk regarding to such regulatory requirements;
- ensuring that the competent Bodies/Functions get adequate reports;
- developing the strategy and oversee the management, process, targets and disposals of Non-Performing Exposures/NPE, repossessed assets and any other distressed assets for the entire Group<sup>36</sup>. The Group CRO define the criteria/rules for identifying the exposures and assets for sale and portfolio targets;
- drafting and managing risk policies, both at Group level (Group Rules) and at Parent Company level, on the performance of risk-related activities for which UniCredit S.p.A. is competent as well as ensuring the monitoring;
- performing second-level checks on the risks of the treasury and credit treasury portfolios within the Group and the Parent company;
- assigning ratings for banks and for the Group's major exposures, carrying out the relevant mapping, at Group level, and managing the "rating override" process with regard to Group-wide rating systems as well as those for measuring the credit risk of UniCredit S.p.A.'s counterparts;

<sup>31</sup> Possible triggers and limits on profitability parameters must be agreed between CRO and Group CFO.

<sup>32</sup> Where applicable, the below listed responsibilities are inclusive of the Foreign Branches of UniCredit S.p.A., as detailed in the Organizational Book - Application.

<sup>33</sup> Directly or by issuing guidelines to Group Entities to be developed depending on type of methodology (direct supervision of Group-wide methodologies and risk measurement methodologies for the counterparties of UniCredit S.p.A., through guidelines on methodologies developed locally).

<sup>34</sup> Directly validating with direct supervision on group-wide methodologies for which UniCredit S.p.A. is competent, indirect on local methodologies.

<sup>35</sup> Liquidity, Business, Real Estate, Financial Investments, Reputational, Strategic.

<sup>36</sup> "Non-Performing Exposure: exposures (loans, debt securities, off-balance-sheet items) other than held for trading that satisfy either or both of the following criteria: (a) material exposures which are more than 90 days past-due; (b) the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past-due amount or the number of days past due. Non-performing exposures include the defaulted and impaired exposures. The total NPE is given by the sum of non-performing loans, non-performing debt securities and nonperforming off-balance-sheet items" (source: ECB NPL Guidance).



## Part E - Information on risks and hedging policies

- defining the minimum standards and guidelines for validating IT infrastructures and data quality, credit risks, operating risks and Pillar II risks, for feeding Group and Parent Company reports on credit risk and for feeding credit risk measurement models;
- analysing and controlling, at Italian perimeter level, credit, operating and reputational risks generated by the activities of Italy Division;
- carrying out the functional coordination of Legal Entities in its area of competence.

Moreover, the Group Risk Officer has direct responsibilities for UniCredit S.p.A. for coordinating and managing credit granting activities as well as the post-deliberation phases, ensuring the monitoring of credit exposures, credit collection and the operational management of restructuring and workout activities. This translates into the following responsibilities<sup>37</sup>:

- coordinating and managing credit-granting activities, assessing the creditworthiness of UniCredit S.p.A.'s counterparties, deciding on credit files within the powers delegated and formulating proposals to the competent decision-making Bodies (including the CE & EE Division Files);
- coordinating and handling the post-decision phase and ensuring that outstanding positions and the credit portfolio of UniCredit S.p.A. are properly monitored (including the CE & EE Division Files);
- coordinating and managing restructuring and workout files including the Debt to Equity and Debt to Asset transactions and the related equity participations/assets;
- evaluating, monitoring and making supervision, at Group level, of the Large Credit Transactions<sup>38</sup> and managing the Global Credit Model of Financial Institutions, Banks and Sovereigns (FIBS). Furthermore, it is responsible for the assessment, approval and daily management of Country Risks and Cross-Border credit risk-taking;
- contributing to the management of risks through the definition and improvement of credit processes (e.g. underwriting, monitoring, collection e loan administration) for the perimeter of UniCredit S.p.A., in line with strategic guidelines and credit policies.

In order to strengthen the capacity of independent steering, coordination and control of Group risks, to improve the efficiency and the flexibility on the risk decision process and to address the interaction among the relevant risk stakeholders, specific Committees are in place.

The Group Executive Committee (GEC), the Group Financial and Credit Risk Committee (GFRC) and Group Non Financial Risks and Controls Committee (GNFRC) support the CEO in the role of steering, coordinating and monitoring the strategic and all categories of risks (included compliance risk), at Group level, as well as defining the Group Recovery Plan.

The Group Executive Committee (GEC) - "Risk" session, which has approval as well as consulting and proposal functions, aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, key highlights from Internal Control Systems, NPE, ESG.

The Group Executive Committee (GEC) - "Group Recovery Plan" session support the CEO to deal with the Group Recovery Plan, defining the proposal to be submitted to the Board of Directors' final decision and to solve issues emerged during the production and the maintenance of the Plan.

The "Group Financial and Credit Risks Committee" (GFRC) supports the CEO in the steering, coordination and control of the risks at Group level and consists of the following sessions: (i) Credit Risk session, responsible for defining policies, operational limits and methodologies for the measurement, management and control of the credit risks, (ii) Rating approval session, responsible for approving rating overrides (iii) Market Risk session, responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of related risks, (iv) ALCO session, responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing.

The Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in the role of steering and monitoring the Non-Financial Risks (NFRs) at Group level, also overseeing the related internal control system (ICS). The GNFRC enables the coordination among the three lines of defence with the aim to identify and share Group priorities concerning Non-Financial Risks (e.g. events, regulations or emerging risks), assessing and monitoring the effectiveness of initiatives put in place in order to address them.

Without prejudice to the role reserved to the Board of Directors by the provisions in being at the time, the GNFRC, in order to support the CEO in implementing the strategic guidelines and the Group general Risk Management policies is responsible for:

- defining and approving policies, operational limits and methodologies for the measurement, management and control of Non-Financial Risks, as well as for the definition of the methodologies for the measurement, management, and control of Non-Financial Risks (Operational and Reputational Risk) internal capital;
- promoting the annual managerial self-assessment processes and evaluating its results, in order to ensure a systematic approach to operational risk assessment and to the supervision of the Internal Control System;
- overseeing Group Non-Financial Risks profile, emerging threats as well as the internal control system robustness at Group level, through the monitoring of most relevant events and incidents, weaknesses and shortcomings, also addressing and prioritizing, when needed, potential corrective actions;

<sup>37</sup> Where applicable, the below listed responsibilities are inclusive of the Foreign Branches of UniCredit S.p.A., as detailed in the Organizational Book - Application.

<sup>38</sup> Defined in the Group Credit Risk Management Framework

## Part E - Information on risks and hedging policies

- evaluating and providing guidelines for the management of risk relevant (e.g. reputational, security, data protection) single customer transactions or third party contracts, and for definition and implementation of business continuity plans.

Group Transactional Committee (GTC) - Group Credit Committee Session (GCC) is in charge of evaluating and approving competent credit proposals referring to all files, including restructuring/workout ones, status classification of files, relevant strategies and corrective actions to be taken for watch list files, specific limits for transactions relating to Debt Capital Markets on trading book, single issuer exposures limits on trading book, temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by Group regulation Debt to Equity transactions and transactions relating to Equity participations deriving from Debt to Equity transactions; the Debt Capital Market (DCM) transactions issuing Non-Binding Credit Opinion, ECM Risk transactions above specific threshold levels of transaction's value

Group Transactional Committee (GTC) - "Group Transactional Credit Committee Session" (GTCC) has the responsibility, within its assigned sub delegations of powers for credit activities and the related thresholds, to assess and approve the underwriting and the review of the credit lines and to evaluate and approve the loan loss provisions, asset value adjustments and releases of capital and/or capitalized interests related to the Corporate Investment Banking and FIBS portfolio, reviewing and assessing debt and debt related placement transactions on the primary market for which UniCredit S.p.A. or a Group Legal Entity provides its commitment according to the sub delegation powers, by analysing the market risks and the credit risk linked to the transactions.

Additionally the Committee is responsible (with approval function within the delegated powers: decision-making and/or issuing of non-binding opinions to the Group legal entities, and/or consulting function) for files to be approved by upper Bodies, for credit proposals referring to all the files, including restructuring, INC or workout ones, status classification of files relevant strategies and corrective actions to be taken for watching list files, single issuer exposure limits on trading book, Debt-to-Equity transactions and/or actions/rights-execution relating to equity participations resulting from Debt-to-Equity transactions, Debt-to-Assets transactions and/or actions/rights execution related to asset resulting from Debt-to-Asset transactions, proposal of distressed asset disposal, in accordance with the regulated specifications and limitations, the Debt Capital Market (DCM) transactions issuing Non-Binding Credit Opinion (NBCO), ECM Risk transactions above specific threshold levels of transaction's value ; in addition, the GTCC approves or submits for approval to Group Credit Committee of temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by dedicated Group regulation.

Further information on Corporate Governance, is included in the document "Corporate Governance Report", published on the Group internet site in the section: Governance » Our Governance System (<https://www.unicreditgroup.eu/en/governance/our-governance-system.html>).

### **Internal Capital Adequacy Assessment Process ("ICAAP") and Risk Appetite**

UniCredit group assesses its capital adequacy on a going concern approach, ensuring that an adequate level of capital is maintained to continue business activities as usual even in case of severe loss events, like those caused by an economic downturn.

The Group's approach to ICAAP consists of the following phases:

1. Risk identification and mapping;
2. Risk measurement and stress testing;
3. Risk appetite setting and capital allocation;
4. Monitoring and reporting.

#### **1. Risk identification and mapping**

The first step is the identification and mapping of all the risks embedded in the Group and in the relevant legal entities, with particular focus on the risks not explicitly covered by the Pillar I framework. The output of this activity is the Group Risk Map which includes all the risk types quantifiable by Internal Capital.

#### **2. Risk measurement and stress testing**

The second phase is the identification of the internal methodologies for measurement and quantification of the different risk profiles, resulting into the calculation of Group Internal Capital. The Internal Capital measures are supported by aggregated-stress tests, which are a fundamental part of a sound risk management process. The aim of stress testing is to assess the bank's viability with respect to exceptional but plausible events. The impact of adverse economic scenarios is assessed on the capital position (solvency stress test) and/or the liquidity position (liquidity stress test) of the Group.

#### **3. Risk Appetite setting and capital allocation**

Risk Appetite is a key managerial instrument used with the purpose of setting the adequate levels of risk the Bank is willing to have and consistently steering its business evolution (see the RAF section below for details). The Group capital plays a crucial role in the main corporate governance processes that drive strategic decisions, as target and risk tolerance thresholds, in terms of regulatory and internal capital. It is also a key element of the Risk Appetite Framework of the Group.

## Part E - Information on risks and hedging policies

### 4. Monitoring and Reporting

Capital adequacy evaluation is a dynamic process that requires a regular monitoring to support the decision-making processes.

The Bank monitors its main risk profile with a frequency consistent with the nature of each single risk. On top of this, a quarterly reporting of integrated risks and Risk Appetite evolution is performed and reported to the relevant Risk Committees and Governing Bodies, in order to set and implement an efficient and effective ICAAP framework.

Capital adequacy is assessed considering the balance between the assumed risks and the available capital both in a regulatory and in an economic perspective. With respect to economic perspective and to Going Concern approach, capital adequacy is assessed by comparing the amount of financial resources available to absorb losses and to ensure the business continuity of the Group, the so-called Available Financial Resources ("AFR"), with the economic capital internally estimated (Internal Capital - "IC"). The AFR are computed according to the Group principles and consistent with prudential regulation, in fact the regulatory capital (Own Funds) is the basis for the AFR quantification. The Group capital instruments that are included in the AFR satisfy the following three criteria:

- loss absorbency in Going Concern approach;
- permanence;
- flexibility of payments.

The ratio between AFR and IC is the Risk Taking Capacity ("RTC"). This ratio must be above 100% ( $AFR > IC$ ) in order to avoid that risk exposures are higher than the Available Financial Resources. RTC is one of the key indicators included in the Group RAF dashboard on which the Bank leverages to guide the selection of the desired risk-return profile in alignment with its business strategies.

A milestone of the ICAAP is the Risk Appetite, which in UniCredit group is defined as the level of risk that the Group is willing to take and the risk-return profile it fixes to achieve in pursuing its strategic objectives and business plan, taking into account the interest of its stakeholders (e.g. customers, policymakers, regulators, shareholders) as well as capital and other regulatory and law requirements. The Group Risk Appetite is approved on an annual basis by the Board of Directors and is regularly monitored and reported, at least quarterly, to the relevant committees, with the aim of ensuring the consistency with the risk return profile set by the Board of Directors. At local level, the risk appetite is set for the main Legal Entities and approved by the local competent functions.

The main goals of UniCredit group's Risk Appetite are:

- assessing explicitly the risks and their interconnections UniCredit group is willing to accept or should avoid in one year horizon; Risk Appetite targets should be consistent with the ones defined in the strategic multi-year plan;
- specifying the types of risk UniCredit group intends to assume by setting the targets, triggers and limits, under both normal and stressed operating conditions;
- ensuring an "ex ante" risk-return profile consistent with long term sustainability, in coherence with multi-year strategic plan/budget;
- ensuring that the business develops within the risk tolerance set by the Parent Company Board of Directors, also in respect of national and international regulations;
- supporting the evaluation of future strategic options with reference to risk profile;
- addressing internal and external stakeholders' view on risk profile consistent with the strategic positioning.

The Group Risk Appetite is defined consistently with UniCredit group business model. For this purpose, Group Risk Appetite is integrated in the budget process, in order to guide the selection of the desired risk-return profile in alignment with the Strategic Plan guidelines and at inception of the budget process.

UniCredit Compensation Policy is consistent with the Group Risk Appetite to allow the effective implementation of risk reward remuneration for bonus definition and payments.

The structure of the Risk Appetite in UniCredit group includes the Group Risk Appetite Statement and the Group Risk Appetite KPIs Dashboard. The Risk Appetite Statement defines the positioning of the bank in terms of strategic targets and related risk profiles to address internal and external stakeholders' expectations and includes:

- a guidance on the overall key boundaries for the Group in terms of focus of activity;
- a definition of the desired risk-return profile, in line with the Group's overall strategy;
- an indication on strategies to manage key risks within the perimeter of the Group;
- qualitative statements for not quantifiable risks in order to ensure prevention/early intervention on emerging risks.

## Part E - Information on risks and hedging policies

The quantitative elements of the Risk Appetite Framework are instead represented by a Dashboard, composed by a set of KPIs, based on the analysis of the expectations of UniCredit group internal and external stakeholders, including material risks to which the Group is exposed and addressing the following categories:

- Regulatory KPIs: to guarantee at any time the fulfilment of the KPIs requested by Regulators (e.g. Common Equity Tier 1 Ratio, Liquidity Coverage Ratio);
- Managerial KPIs: KPIs considered to be key from strategic and Risk Appetite standpoint and defined to ensure steering of all key financial risks (e.g. Credit Risk, Liquidity and Interest Rate Risks, Market and Sovereign Risks), Profitability, non-financial risks (e.g. Operational risk, ICT and Cyber risk, Compliance risk) and Climate & Environmental risk.

For each of the above dimensions, one or more KPIs are identified, in order to quantitatively measure the position of the Group in different ways: absolute values, ratios, sensitivities to defined parameters.

Various levels of thresholds are defined to act as early warning indicators anticipating potential risk situations that will be promptly escalated at relevant organisational level. If specific Risk Appetite thresholds are met, the necessary management measures have to be adopted for effectively adjusting the risk profile. The thresholds are identified as follows (on certain KPIs, not all the thresholds may be meaningful):

- *Targets* represent the amount of risk the Group is willing to take on in normal conditions in line with the Group ambition. They are the reference thresholds for the development and steering of the business;
- *Triggers* represent, from a managerial standpoint, the maximum acceptable level of deviation from the defined target thresholds, or more generally a Warning Level, and are set consistently to assure that the Group can operate, even under stress conditions;
- *Limits* are hard points that represent, from a statutory standpoint, the maximum acceptable level of risk for the Group.

Thresholds setting is evaluated by the relevant competent functions, also through managerial decision by the Board of Directors, respecting regulatory and supervisory requirements and also taking into account stakeholders' expectations and positioning versus peers. In addition, UniCredit group has a series of transversal operational limits and metrics that cover the main risk profiles in order to supplement the Risk Appetite Framework. According to the EBA guidelines, each year ICAAP information is collected for SREP purposes and sent to the Regulator. The Board of Directors, which authorises the sending of this information to the Authorities, also acknowledges that the risk governance of the Group is deemed adequate, guaranteeing that the risk management system in place is in line with the risk profile and strategy of the Group. In addition, the Board of Directors approved and signed the Capital Adequacy Statement during the last Board of Directors held on 14 April 2021. In the Capital Adequacy Statement, the Board of Directors states that the Group provided appropriate measure to mitigate the effects of the second stage emergency for Covid-19 epidemic. For what concern capital evolution over the MYP time horizon, the Group expects the capital ratios above the targets, despite the difficult macroeconomic environment.

The Group is consistently engaged in identifying areas of improvement of the ICAAP process in compliance with Supervisory expectations.

### Risk Culture in UniCredit group

UniCredit defines risk culture as the collective and individual ability to identify, understand, openly discuss and make decisions on current and future risks.

Since the financial markets crisis, both the financial industry and regulators have been addressing the issue of risk culture, giving a definition of it, identifying its key elements, establishing principles of conduct, providing recommendations and issuing guidelines.

In 2014 the **Financial Stability Board (FSB)** issued the document "Guidance on Supervisory Interaction with Financial Institutions on Risk Culture - A Framework for Assessing Risk Culture", which identifies the foundational elements that contribute to the promotion of a sound risk culture within financial institutions. It aims at assisting supervisors in assessing the soundness and effectiveness of a financial institution's culture in managing risks. There are several indicators of a sound risk culture which need to be considered collectively and as mutually reinforcing. These indicators include:

- *Tone from the top*: the Board of Directors and senior management are the starting point for setting the financial institution's core values and risk culture, and their behaviors must reflect the values being espoused;
- *Accountability*: a successful risk management requires employees at all levels to understand the core values of the institution's risk culture and its approach to risk, be capable of performing their prescribed roles, and be aware that they are held accountable for their actions in relation to the institution's risk-taking behavior;
- *Effective communication and challenge*: a sound risk culture promotes an environment of open communication and effective challenge in which decision-making processes encourage a range of views, allow for testing of current practices, and stimulate a positive, critical attitude among employees and an environment of open and constructive engagement;
- *Incentives*: performance and talent management should encourage and reinforce maintenance of the financial institution's desired risk management behavior. Financial and non-financial incentives should reward servicing the long-term interests of the financial institution and its clients, including sustained profitability, as opposed to short-term revenue generation.

## Part E - Information on risks and hedging policies

The Group Risk Management, in line with its mission as defined by the Board of Directors of UniCredit, adopted a structured, all-inclusive approach to strengthen UniCredit's risk culture, by addressing the following areas:

1. Governance;
2. Learning and development;
3. Performance management;
4. Communication.

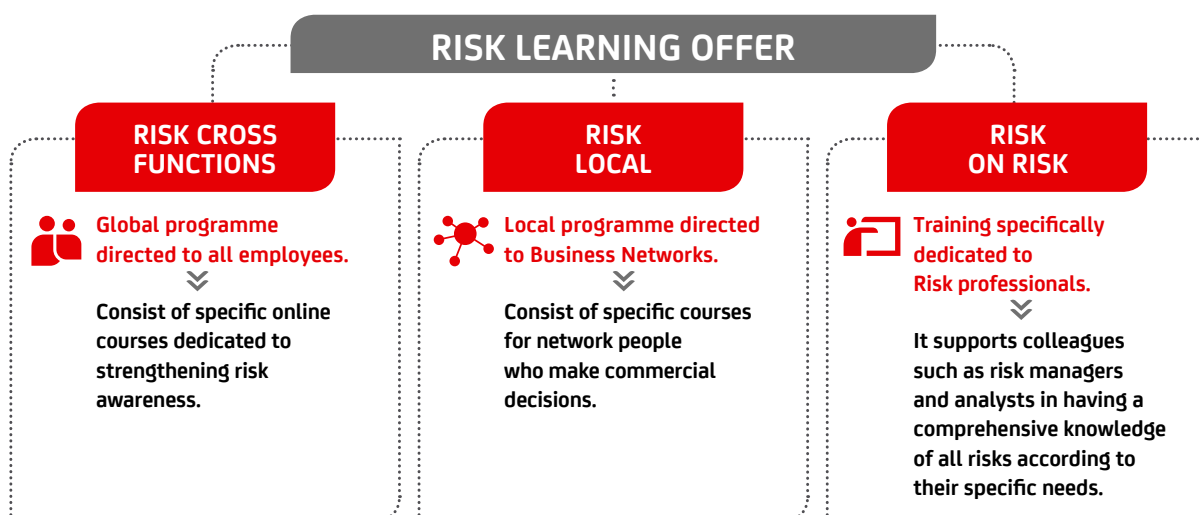
### 1. Governance

**Risk Governance** - One of the key elements in risk management is the Risk Appetite Framework.

Dedicated Group Risk Committees have been established in order to strengthen the capacity of independent steering, coordination and control of Group risks, to improve the efficiency and the flexibility of the risks decision process and to address the interaction between the relevant risk stakeholders.

### 2. Learning & Development

**Training** - The learning framework is characterised by digital, modular and freestanding solutions and is based on adaptive learning methods. Three main streams ensure that all the participants are fully aware of the different risks. These streams are differentiated according to the target population and the required risk knowledge. At the same time, those in specific positions and risk professionals will receive further training specifically tailored to the requirements of their jobs.



**Cross-functional job rotation** - Learning on the job and cross-functional rotation, in which colleagues from the business lines work in risk functions, and vice versa, have been extremely valuable and helpful. These initiatives facilitate the virtuous cycle for bringing business knowledge to risk functions and introducing risk awareness to the decision-making process of the business lines. In addition, they enable the exchange of expertise and points of view that improves the colleagues' capabilities to analyse, approach and mutually understand the different situations they both face on a daily basis.

### 3. Performance Management

**Remuneration** - To reinforce the Bank's risk culture, also the link between remuneration and risk represents an important element. This link is ensured by the involvement of the Risk function in compensation design and the definition of an explicit framework to base remuneration within an overarching Group Risk Appetite framework. In particular, the Board of Directors with the support of the competent Supervisory Committees (Remuneration Committee and Internal Controls and Risks Committee) and upon the input of involved functions ensures the link among profitability, risk and reward within Group Incentive Systems.

**Risk-based KPIs** - At Group level, the strong commitment to a consistent risk culture as well as the individual accountability of risk, compliance and controls is constantly promoted and enhanced. Group Human Capital (HC) contributes to this, spreading Group-wide risk, compliance & control culture by leveraging on the existing framework and building selected initiatives.

Over the past few years, HC built up a framework to enhance internal control system awareness and accountability by setting processes that embed sensitivity to Risk and Compliance attitudes, such as Executive Development Plan (EDP - the annual performance management and review process of UniCredit, involving all the Executives of the Group), Group Incentive System, Learning & Development.



## Part E - Information on risks and hedging policies

Since 2012, as part of the EDP and incentive system processes, the Group put specific emphasis on risk, compliance and control features. In particular:

- the KPI Bluebook (a set of guidelines for defining individual goals consistent with business direction, risk perspective, regulatory framework and sustainability) contains specific KPIs focused on risk and control culture;
- the Compliance Assessment, pursuant to which Managers are required to prove the employee's reliability with regards to risks and compliance, with specific focus on legal anti-money laundering obligations.

### 4. Communication

Within the UniCredit risk culture, emphasis is put on aligning and re-iterating key messages on UniCredit mission and values. Top management's focus is devoted to transforming words into tangible actions and to show how the Group is embedding risk culture into its operating practices. An editorial plan has been developed, in order to communicate common statements on how risk culture is at the core of UniCredit strategy. In 2021 risk news published on UniCredit group intranet site, reached more than 18,000 page views.

### Reconciliation between accounting perimeter and prudential perimeter

Note that Section 1 - Risks of the accounting consolidated perimeter provides information on companies included in the accounting perimeter of consolidation. Section 2 - Risks of the prudential consolidated perimeter provides information referred to the prudential perimeter of consolidation.

In this regard the accounting perimeter is composed by companies fully consolidated in accordance with IFRS10, for additional information refer to Notes to the consolidated accounts, Part A - Accounting policies, Section 3 - Consolidation scope and methods.

The prudential perimeter is composed by companies subject to full consolidation in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on "prudential requirements for credit institutions and investment firms" (CRR).

Prudential perimeter differs, as a result, from the accounting perimeter due to the accounting through the equity method of those subsidiaries that are not engaged in banking activity, financial activity of instrumental activity, which are subject to full consolidation in the accounting perimeter.

The interests held in these companies is included in item 70. Equity investments.

ASSETS	AMOUNTS AS AT 31.12.2021		
	ACCOUNTING PERIMETER	PRUDENTIAL PERIMETER	DELTA
10. Cash and cash balances	107,407	107,404	(3)
20. Financial assets at fair value through profit or loss:	92,239	92,235	(4)
a) financial assets held for trading	80,109	80,109	-
b) financial assets designated at fair value	279	279	-
c) other financial assets mandatorily at fair value	11,851	11,847	(4)
30. Financial assets at fair value through other comprehensive income	68,564	68,489	(75)
40. Financial assets at amortised cost:	593,618	594,083	465
a) loans and advances to banks	91,403	91,403	-
b) loans and advances to customers	502,215	502,680	465
50. Hedging derivatives	3,065	3,065	-
60. Changes in fair value of portfolio hedged items (+/-)	1,511	1,511	-
70. Equity investments	4,073	4,461	388
80. Insurance reserves charged to reinsurers	-	-	-
90. Property, plant and equipment	8,911	8,153	(758)
100. Intangible assets	2,213	2,212	(1)
of which: goodwill	-	-	-
110. Tax assets:	13,552	13,550	(2)
a) current	1,954	1,953	(1)
b) deferred	11,598	11,597	(1)
120. Non-current assets and disposal groups classified as held for sale	14,287	14,167	(120)
130. Other assets	7,231	7,504	273
<b>Total assets</b>	<b>916,671</b>	<b>916,834</b>	<b>163</b>

## Part E - Information on risks and hedging policies

continued:

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2021		
	ACCOUNTING PERIMETER	PRUDENTIAL PERIMETER	DELTA
10. Financial liabilities at amortised cost:	761,023	761,178	155
a) deposit from banks	162,571	162,513	(58)
b) deposit from customers	502,554	502,767	213
c) debt securities in issue	95,898	95,898	-
20. Financial liabilities held for trading	51,608	51,608	-
30. Financial liabilities designated at fair value	9,556	9,556	-
40. Hedging derivatives	4,303	4,303	-
50. Value adjustment of hedged financial liabilities (+/-)	963	963	-
60. Tax liabilities:	1,215	1,175	(40)
a) current	627	625	(2)
b) deferred	588	550	(38)
70. Liabilities associated with non-current assets held for sale	2,149	2,052	(97)
80. Other liabilities	13,301	13,468	167
90. Provision for employee severance pay	516	516	-
100. Provision for risks and charges:	9,944	9,882	(62)
a) commitments and guarantees given	1,425	1,425	-
b) post retirement benefit obligations	4,738	4,737	(1)
c) other provisions for risks and charges	3,781	3,720	(61)
110. Technical reserves	-	-	-
120. Valuation reserves	(4,337)	(4,337)	-
130. Redeemable shares	-	-	-
140. Equity instruments	6,595	6,595	-
150. Reserves	31,451	31,451	-
160. Share premium	5,446	5,446	-
170. Share capital	21,133	21,133	-
180. Treasury shares (-)	(200)	(200)	-
190. Minority shareholders' equity (+/-)	465	505	40
200. Net profit (Loss) for the year (+/-)	1,540	1,540	-
<b>Total liabilities and shareholders' equity</b>	<b>916,671</b>	<b>916,834</b>	<b>163</b>

(€ million)

## Part E - Information on risks and hedging policies

### Section 1 - Risks of the accounting consolidated perimeter

#### Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is equivalent to the one of non-performing exposures referred to in the EBA standards.

#### A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds.

##### A.1 Impaired and non-performing credit exposures: stocks, value adjustments, dynamics and economic

##### A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

(€ million)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets at amortised cost	1,131	5,825	523	8,294	577,845	593,618
2. Financial assets at fair value through other comprehensive income	-	-	-	-	67,088	67,088
3. Financial assets designated at fair value	-	-	-	-	279	279
4. Other financial assets mandatorily at fair value	3	35	-	1	9,290	9,329
5. Financial instruments classified as held for sale	142	515	5	57	11,942	12,661
<b>Total 12.31.2021</b>	<b>1,276</b>	<b>6,375</b>	<b>528</b>	<b>8,352</b>	<b>666,444</b>	<b>682,975</b>
<b>Total 12.31.2020</b>	<b>1,701</b>	<b>6,668</b>	<b>504</b>	<b>9,598</b>	<b>675,198</b>	<b>693,669</b>

##### A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(€ million)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	
1. Financial assets at amortised cost	16,249	8,770	7,479	1,826	590,548	4,409	586,139	593,618
2. Financial assets at fair value through other comprehensive income	2	2	-	-	67,161	73	67,088	67,088
3. Financial assets designated at fair value	-	-	-	-	X	X	279	279
4. Other financial assets mandatorily at fair value	129	91	38	43	X	X	9,291	9,329
5. Financial instruments classified as held for sale	1,375	713	662	224	12,860	861	11,999	12,661
<b>Total 12.31.2021</b>	<b>17,755</b>	<b>9,576</b>	<b>8,179</b>	<b>2,093</b>	<b>670,569</b>	<b>5,343</b>	<b>674,796</b>	<b>682,975</b>
<b>Total 12.31.2020</b>	<b>22,216</b>	<b>13,343</b>	<b>8,873</b>	<b>2,137</b>	<b>676,125</b>	<b>4,259</b>	<b>684,796</b>	<b>693,669</b>

Note:

(\*) Value shown for information purposes.

For additional information on the matter related to evaluation on credit exposures refer to Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated financial statements.

For additional information on Olympia transaction, a securitisation transaction of non-performing loan executed by UniCredit S.p.A., reference is made to the paragraph "Olympia transaction" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies, Section 1 - Credit risk, Quantitative information, 2. Credit risk management policies, which is herewith quoted entirely.

(€ million)

PORTFOLIOS/QUALITY	ASSETS OF EVIDENT LOW CREDIT QUALITY		OTHER ASSETS
	CUMULATED LOSSES	NET EXPOSURE	
1. Financial assets held for trading	35	97	69,859
2. Hedging derivatives	-	-	3,065
<b>Total 12.31.2021</b>	<b>35</b>	<b>97</b>	<b>72,924</b>
<b>Total 12.31.2020</b>	<b>64</b>	<b>143</b>	<b>67,588</b>

## Part E - Information on risks and hedging policies

### B. Structured entities (other than entities for securitisation transaction)

#### B.1 Consolidated structured entities

The Group has involvements in structured entities that are consolidated because it has both power on the underlying assets and exposure to variability of returns arising from the structured entities activities as a result of the financial instruments subscribed.

The consolidated structured entities of the Group belong to one of the following categories:

- **Leasing SPV:** these structured entities are set-up by the Group in order to meet the needs of customers interested into entering into finance leasing. The Group provides funding to these structured entities, both in form of equity and in form of loans. Such funding is used by structured entities to buy assets (real estate, equipment, etc.) that are leased to a customer under a finance leasing contract;
- **Project finance SPV:** these structured entities are set-up in order to finance capital intensive projects according to the need of specific customers. Typically the funds needed to develop the project are provided by the customer, in form of equity and by the Group in form of loans. The Group consolidates such structured entities as a result of deterioration of the credit worthiness of the customer and subsequent acquisition of the right to manage the project;
- **Real estate SPV:** these structured entities are entities that have been set-up in order to fund real estate projects used in the business by the Group or that have been acquired in the course of credit recovery processes;
- **Funding SPV:** these structured entities are set-up by the Group so to gather funding in specific markets that is guaranteed by a Group Legal entity. This funding is then transferred to the Group legal entity that guarantees it;
- **Investment funds:** these structured entities are open ended and closed ended investment funds that the Group controls under IFRS10 having acquired enough quotas to expose it to variability of returns and the ability to manage, directly and indirectly, the underlying portfolio;
- **Warehousing SPV:** these structured entities are set-up in order to subsequently perform securitisation transactions. In particular they purchase mortgages in specific markets and from different originators until a "critical mass" that allow to perform securitisation is reached. The purchases of mortgages are funded through loans provided by the Group.

During the period the Group has not provided financial support to consolidated structured entities, other than those for securitisation transactions, in absence of contractual obligation to do so and it doesn't have current intention to provide such support.

The following table provides on balance sheet and off-balance sheet, non revocable credit line and financial guarantees, provided by Group companies to consolidated structured entities.

These exposures are eliminated in the consolidation process.

(€ million)

BALANCE SHEET ITEM/SPV TYPE	TOTAL ASSETS	OFF BALANCE SHEET EXPOSURES
Leasing SPV	1,476	-
Project Finance SPV	-	-
Real Estate SPV	20	10
Funding SPV	-	-
Investment funds	316	-
Warehousing SPV	-	-
<b>Total</b>	<b>1,812</b>	<b>10</b>

#### B.2 Non-consolidated for accounting purposes structured entities

##### B.2.1. Consolidated for regulatory purposes structured entities

The Group has not exposure toward structured entities consolidated for regulatory purpose but that are not consolidated for accounting purpose.

##### B.2.2. Other structured entities

#### Qualitative information

The Group has exposure toward unconsolidated structured entities either as a result of its lending activities or through the investments in quotas issued by funds that are structured entities under IFRS12 definition.

In particular, unconsolidated structured entities in which the Group is exposed to belong to the following categories:

- **Acquisition and Leveraged Finance structured entities** are set up for providing funding for the acquisition of a target business, where sponsors participate with equity contribution and lenders structure their facilities according to the cash flow profile of the target. The Group provides funding to these structured entities according to the applicable internal credit policies described in the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, Qualitative information, 1. General Aspects that also define the level of equity that has to be provided by the sponsor.

## Part E - Information on risks and hedging policies

The Group has no control over these structured entities because it neither manages the company whose acquisition is being financed nor is significantly exposed to the associated variability of returns;

- **Leasing structured entities** are set-up to buy an asset and rent it to customers (based on a financial leasing contract). The funding is provided through loans, and the structured entities are the owner of the asset. At the end of the contract the asset is usually sold to the customer at a price usually equal to the residual value defined by the contract.

The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E - Section 2, Risks of the prudential consolidated perimeter, Qualitative information, 1. General Aspects. In particular, the contracts ruling such transactions and associated guarantees ensure that the Group has no control over these structured entities because it neither manages the activities of the structured entities nor is significantly exposed to variability of returns of the leased assets;

- **Market Related structured entities** are set-up in order to allow customers to invest into financial instruments having features, in term of currency of denomination or interest rate, different from those offered in the market. In this context the Group maintains exposures against these vehicles that, however, do not transfer to the Group the main risks of the underlying;
- **Notes issuing structured entities** are structured entities that issue security different from ABS that are backed up by certain type of assets. These include covered bonds issued by third parties.

The Group does not control these structured entities as it has neither the ability to manage the underlying assets nor retains significant exposures to its variability of returns;

- **Project Finance structured entities** are structured entities set up for the financing capital intensive business initiatives, where customers participate with equity contribution. The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E - Section 2, Risks of the prudential consolidated perimeter, Qualitative information, 1. General Aspects that also define the level of equity that has to be provided by the customers.

The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;

- **Real Estate structured entities** are set-up for the financing of specific real estate initiatives. In these structures the customers, typically commercial and residential development companies and institutional investors set up the structured entities and provides the equity. The Group provides funding according to the applicable internal credit policies described in Part E - Section 2, Risks of the prudential consolidated perimeter, Qualitative information, 1. General Aspects that also define the level of equity that has to be provided by the customers.

The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;

- **Shipping and Aircraft structured entities** are set up for the building or the acquisition of a ship or an aircraft that is then used by the customers in the context of their business activities.

The Group provides funding to these structured entities according to the applicable internal credit policies described in the Notes to the consolidated accounts, Part E – Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, Qualitative information, 1. General Aspects that also define the level of equity that has to be provided by the customers.

The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;

- **Warehousing structured entities** support subsequent securitisation transactions through the purchase of mortgages in specific markets and from different originators until a "critical mass" that allows to perform such securitisation is reached;
- **Investments funds** comprise open ended and closed ended investment funds in which the Group has subscribed quotas or provided loans.

### Quantitative information

The following table provides indication on assets, liabilities and off-balance sheet exposures recognised in the balance sheet of the Group held towards SPVs different from non-consolidated securitisation vehicles and broken down by role of the Group.

The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off-balance sheet positions (irrevocable credit lines and financial guarantees) held toward these vehicles reported in column "difference between maximum exposure to loss and accounting value".



## Part E - Information on risks and hedging policies

## Exposure to structured entities different from Securitisation SPV not consolidated for accounting purposes

(€ million)

AMOUNTS AS AT 12.31.2021							DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	
Acquisition and Leverage Finance SPV		497		39	458	701	243
	HFT	-	Deposits	39			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	497					
Leasing SPV		35		4	31	31	-
	HFT	-	Deposits	4			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	35					
Market Related SPV		252		6	246	246	-
	HFT	-	Deposits	6			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	252					
Notes Issuing Vehicles		37		8	29	67	38
	HFT	15	Deposits	8			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	22					
Project Finance SPV		2,767		661	2,106	2,320	214
	HFT	-	Deposits	661			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	2,767					
Real Estate SPV		3,578		615	2,963	3,433	470
	HFT	-	Deposits	615			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	3,578					
Shipping Aircraft SPV		81		-	81	106	25
	HFT	-	Deposits	-			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	81					
Warehousing SPV		-		-	-	-	-
	HFT	-	Deposits	-			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	-					
<b>Total</b>		<b>7,247</b>		<b>1,333</b>	<b>5,914</b>	<b>6,904</b>	<b>990</b>

## Notes:

HFT = Financial assets held for trading

DFV = Financial assets designated at fair value

MFV = Financial assets mandatorily at fair value

FVOCI = Financial assets at fair value through other comprehensive income

AC = Financial assets at amortised cost

Deposits = Deposits from Customers

Securities = Debt securities in issue

HFT = Financial liabilities held for trading

DFV = Financial liabilities designated at fair value

## Part E - Information on risks and hedging policies

The following table provides indication on assets, liabilities and off-balance sheet exposures recognised in the balance sheet of the Group held towards not consolidated investment funds.

### Exposure to structured entities different from Securitisation SPV not consolidated for accounting purposes - Investment funds

(€ million)

AMOUNTS AS AT 12.31.2021							DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	
<b>Real Estate investment funds</b>		5,106		1,284	3,822	5,268	1,446
	HFT	-	Deposits	1,282			
	DFV	-	Securities	2			
	MFV	266	HFT	-			
	FVOCI	-	DFV	-			
	AC	4,840		-			
<b>Mixed Asset investment funds</b>		941		1,056	(115)	(54)	61
	HFT	619	Deposits	1,051			
	DFV	-	Securities	-			
	MFV	35	HFT	5			
	FVOCI	-	DFV	-			
	AC	287		-			
<b>Equity investment funds</b>		1,467		266	1,201	1,211	10
	HFT	1,189	Deposits	261			
	DFV	-	Securities	-			
	MFV	2	HFT	5			
	FVOCI	-	DFV	-			
	AC	276		-			
<b>Private Equity/Debt investment funds</b>		427		24	403	403	-
	HFT	-	Deposits	24			
	DFV	-	Securities	-			
	MFV	379	HFT	-			
	FVOCI	-	DFV	-			
	AC	48		-			
<b>Fixed Income investment funds</b>		956		596	360	360	-
	HFT	503	Deposits	594			
	DFV	-	Securities	-			
	MFV	20	HFT	2			
	FVOCI	-	DFV	-			
	AC	433		-			
<b>Other investment funds</b>		1,015		1,952	(937)	(908)	29
	HFT	113	Deposits	1,951			
	DFV	-	Securities	-			
	MFV	773	HFT	1			
	FVOCI	-	DFV	-			
	AC	129		-			
<b>Total</b>		<b>9,912</b>		<b>5,178</b>	<b>4,734</b>	<b>6,280</b>	<b>1,546</b>

#### Notes:

HFT = Financial assets held for trading

DFV = Financial assets designated at fair value

MFV = Financial assets mandatorily at fair value

FVOCI = Financial assets at fair value through other comprehensive income

AC = Financial assets at amortised cost

Deposits = Deposits from Customers

Securities = Debt securities in issue

HFT = Financial liabilities held for trading

DFV = Financial liabilities designated at fair value

It should be noted that during the year the Group has recognised commission income for €47 million as a result of the management of investment funds not consolidated.

## Part E - Information on risks and hedging policies

### Section 2 - Risks of the prudential consolidated perimeter

#### 2.1 Credit risk

##### *Qualitative information*

##### *1. General aspects*

##### **Credit policies**

In UniCredit, the current governance model of credit risk, intended as risk of impairment of a credit exposure deriving from an unexpected deterioration of the counterparty's creditworthiness, provides for two levels of control:

- on the one hand, the supervision of the Parent company Risk Governance functions which steer and control the credit risk and perform a managerial coordination with respect to the relevant Group legal entities' Risk Management functions;
- on the other hand, the supervision of the relevant Group legal entities' Risk Management functions which perform the control and the management of the risks portfolio at Country level.

With reference to credit risk management topics, the mechanisms of interaction between the Parent company and the Group legal entities are defined by specific credit governance rules that, on the one hand, regulate the respective responsibilities and, on the other hand, ensure the compliance of the overall credit risk framework with the regulatory framework which the Parent company is subject to.

Within its role of guidance, support and control, the Parent company acts in the following areas: credit rules (principles, policies and processes), credit strategies and credit risk limits, models development, rating systems validation, large exposures management, issuance of credit products, monitoring and reporting portfolio credit risk.

In line with such credit governance rules, the Group legal entities request the Group Risk Management opinion before granting new or reviewing existing credit lines to individual borrowers or economic groups whenever these credit lines exceed defined thresholds, also with reference to the compliance with the credit risk concentration limits being measured with respect to the regulatory capital.

According to the role assigned by the Group governance to the Parent company, specifically to the Group Risk Management function, general provisions are established ("Group General Principles for credit activities", "Group Credit Risk Management Framework", "Guidelines on Loan Categorization and Forbearance Classification", "Credit Risk Model Development and Maintenance", "Planning, Adoption and Management of Credit Risk Systems", "Guidelines on Loan Loss Provisioning under IFRS9 Framework"), defining Group-wide rules and principles for guiding, classifying, managing, governing and standardising the credit risk assessment and management, as well as the development of its models, in line with the regulatory requirements and the Group best practice. These general provisions are further supplemented by policies which, regulating specific topics (e.g. business areas, segment activities, type of counterpart/transaction), are divided into two categories:

- policies on Group-wide topics, drafted and issued by the Parent company and sent to all the legal entities;
- policies locally developed by single legal entities, fully in line with the guidelines defined at Parent company level, that regulate credit practices relating to rules and peculiarities of the local market and that are, therefore, applicable only within the respective perimeter.

At both legal entity and Parent company level, the policies (if necessary) are further detailed through operating instructions that describe specific rules supporting the execution of day-by-day activities.

In UniCredit S.p.A., lending is governed by a regulatory framework, called the Testo Unico del Credito, which is constantly updated. This framework includes the guidelines and operating procedures for managing the various phases of the credit life cycle, taking into account potential changes in the credit strategy and progressive process and procedural improvements.

More specifically, the following process phases are regulated:

- the assessment of the creditworthiness of the borrower, including the rating assignment procedures;
- the decision to grant credit lines, their implementation and the rules for managing them;
- the acquisition, management and monitoring of the value of collaterals and guarantees;
- the performance monitoring process and the initiatives to improve the sustainability of the counterpart, the customer classification process;
- the restructuring and the credit recovery process (debt collection policy/workout) to be started in the event of failure of the risk containment initiatives.

The purpose of the workout activities is to recover the customer's exposure as much as possible and close the relationship with the same, proceeding, if necessary, to the enforcement of any guarantees. The recovery initiatives, carried out through a robust IT infrastructure and the result of a combined approach between subjective assessment and automated process, can be managed: i. internally, by personnel belonging to a specialized structure within the bank, ii. externally, it gives to an external company in charge of managing the position on the basis of a servicing contract.

## Part E - Information on risks and hedging policies

Credit policies, which usually have a static approach and are revised when necessary (e.g. in case of evolution of the external regulatory framework), are supplemented by credit risk strategies (approved by the Board of Directors in the context of the Risk Appetite Framework) which, instead, are updated at least once a year and define with which customers/products, industry segments and geographical areas the Group and the Group legal entities intend to develop their credit business.

### **Credit strategies**

More in general, the Group credit strategies are an effective tool for managing credit risk, contributing to the definition of the budget objectives in line with the Group's Risk Appetite, of which they are an integral part. They also constitute a management tool as they translate the metrics defined within the Risk Appetite into concrete form.

On the basis of the macroeconomic and credit scenario, the outlook at the economic sector level, as well as the business initiatives/strategies, the credit strategies provide a set of guidelines and operational targets aimed at the countries and business segments in which the Group work and are performed on the operating structures of each Group company and included in their respective commercial policies. The ultimate goal is to ensure sustainable commercial growth, consistent with the risk profile of each company, remaining within the limits defined by the Group Risk Appetite Framework.

Within the framework of the strategies underlying credit activity, concentration risk is considered particularly important. This is the risk associated with losses generated by a single exposure or group of related exposures that (in relation to the capital of a bank, total assets, or the overall risk level) can generate potentially serious effects on the solidity and "core" operation of the Group.

In compliance with the relevant regulatory framework, UniCredit group manages the concentration credit risk through specific limits that represent the maximum risk that the Group intends to accept regarding:

- individual counterparties or groups of connected counterparties (Single Name Bulk Risk);
- counterparties belonging to the same economic sector (Industry Concentration Risk).

The results of stress test simulations relating to expected loss are an integrated part of the definition of credit strategies.

### **Effects arising from Covid-19 pandemic**

With reference to credit risk, UniCredit positively sees all the initiatives aimed at supporting the real economy that have been put in place by the EU government and is complementing them with additional measure to support customers over this period and to reduce as much as possible the negative effects of this crisis. All concessions are defined to respond as quickly as possible to the drawback deriving from a temporary slow-down of the economic cycle and related liquidity issues. The potential impact on the bank's risk profile is mitigated with:

- acquisition of public guarantees in line with the mechanisms put in place by the various governments;
- an ex-ante and ongoing evaluation of the client's risk profile.

UniCredit has defined Group guiding principles for underwriting, monitoring and management of Moratorium/emergency schemes, to cope with the new challenges and to early detect potential signals of asset quality deterioration.

With specific reference to the moratorium measures, and in order to provide relief to the lockdown measures put in place for containing Covid-19 outbreak, UniCredit group arranged several initiatives available to customers, whose specific features are different in each country in terms of scope of customers and product types, typically allow the postponement of instalments and the increase in the residual maturity of credit exposures.

Among these initiatives, a number of moratoriums specifically meet the definition of "General Payment" (either legislative or assimilated non-legislative ones) in line with "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis"<sup>39</sup> (issued by EBA in April 2020 and further updated in September and December 2020), as broadly applied by credit institution on the basis of national laws or industry- or sector-wide private initiatives. The Group has also implemented other moratorium initiatives not specifically referred to the above mentioned EBA guidelines and therefore granted by the Institutions as additional customer support tools to deal with the context of difficulties and independently from national law or industry- or sector-wide private initiatives.

Based on the "EBA/GL/2020/02" the Group Guidelines defined by the Parent company address all legal entities on regulatory treatment for the above-mentioned Moratoria and Guarantee Schemes.

Specifically, different regulatory treatments are allowed with respect to Forbearance measures as well as Default detection, particularly from the point of view of the Unlikely To Pay ("UTP" - Unlikely To Pay) assessment. In particular, General Payment moratoriums granting, in line with the EBA requirements, does not automatically activate a classification of forbearance, however a specific assessment is aimed at verifying the financial difficulty; in this case the UTP assessment shall be applied both during the moratorium period and shortly after its end. In this regard, the updates of the guidelines provided by EBA in December 2020, have extended to 31 March 2021, the date by which a legislative and assimilated non-legislative ones can be applied and considered as a "General Payment" and introduced a cumulative maximum limit of 9 months to the benefit from the moratoriums granted or extended after 30 September 2020.

<sup>39</sup> Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis issued on 2 April 2020 ("EBA/GL/2020/02") and subsequent amendment EBA/GL/2020/15.

## Part E - Information on risks and hedging policies

After this period, the usual forbearance and financial difficulty assessment process is applied as other moratorium initiatives that are not in line with the specific EBA requirements (e.g., other early moratorium initiatives granted by the Bank): in this case, the financial difficulty is assessed at the time of the concession and after its end.

The guidelines established regarding the treatment of Moratorium General Payment for Forbearance and Default classification purposes are to be considered valid for the entire duration of the Covid-19 moratoriums, including their extension.

### 2. Credit risk management policies

#### 2.1 Organisational aspects

##### *Factors that generate credit risk*

During the ongoing credit and business activities, the Group is exposed to the risk that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the value of the associated credit exposure and may thus result in a partial or full write-off. This risk is always associated to the traditional lending practice, regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc.).

The main reasons of a default lie in the borrower's failure to fulfil its credit obligation (due to the lack of liquidity, for insolvency reasons, etc.), as well as the occurrence of macro-economic and political events that are affecting the debtor's operating and financial conditions.

Other banking operations, in addition to traditional lending and deposit activities, can constitute other credit risk factors. In this view, "non-traditional" credit risk may arise from:

- subscription of derivative contracts;
- purchase and selling of securities, futures, currencies or commodities;
- holding third-party securities.

The counterparties in these transactions or issuers of securities held by Group legal entities could default as a result of insolvency, political and economic events, lack of liquidity, operational deficiencies or other reasons. Defaults of a large number of transactions, or of one or more large transactions, could have a material adverse impact on the Group's activities, financial condition and operating profits.

The Group therefore monitors and manages the specific risk of each counterparty as well as the overall risk of loan portfolios through procedures, functions and rules that steer, govern and standardise the assessment and management of credit risk, in line with the Group principles and best practice.

##### *Organisational structure*

The credit risk management in the UniCredit group under responsibility of Group Risk Management, responsible for steering, governance, control of credit risk and for the operational credit management, which internally have different organisational levels:

- functions with responsibilities at Group level;
- functions with responsibilities at Country level.

Regarding Group Risk Management, Parent company functions with responsibilities at Group level include:

##### • **Group Credit Risk**

The structure has the following mission: responsible for the overall steering and governance of the credit risk at Group level, including, e.g., Group credit risk strategies setting monitoring and controlling, control risk framework and methodologies, overall asset quality planning and monitoring, NPE strategy, large credit transactions and FIBS group-wide assessment- monitoring-oversight, country risks & cross-border risks, credit risk models governance and roadmap, it is also responsible for ensuring risk control activities in the Asia & Pacific area.

The structure of "Group Credit Risk" breaks down in the following structures:

- Group NPE;
- Credit Models & Risk Policies and Standards;
- Credit Risk Strategies, Monitoring and Controls;
- Group Credit Transactions.



## Part E - Information on risks and hedging policies

### - Group NPE

The structure has the following mission: develop the strategy, oversee the management, the monitoring, the process and set targets and execute disposals and platforms of Non-Performing Exposures/NPE, repossessed assets and any other distressed assets for the entire Group. NPE is also responsible for the assessment of transactions regarding counterparties classified as restructuring or workout above defined thresholds.

### - Credit Models & Risk Policies and Standards

The structure has the following mission: responsible for guaranteeing at Group level the coordination and steering of the overall landscape of Pillar 1 Credit risk models as well as the related methodologies.

Furthermore, it's responsible for defining rules and guidelines for the lending activity and for evaluating of the proposals regarding the revision of the credit processes which are submitted by other Group competent functions as well as for cooperating with other Group competent functions on Risk Weighted Assets/RWA contents.

### - Credit Risk Strategies, Monitoring and Controls

The structure has the following mission: responsible, at Group level, for credit risk strategies definition, monitoring and controlling, through the execution of the second level controls and the definition of the areas of higher risk within the credit processes of Group portfolio.

Responsible, within the credit processes, for the definition and application of the "risk assessment" methodology in order to identify the risk areas and the mitigation actions to be implemented.

The structure is also responsible for controlling the risks underlying Persons in conflict of interest, by monitoring and verifying predefined key indicators. The structure is also in charge of the internal reporting activity towards Related Parties Committee, to which it has given evidence for each Related Party category (defined in accordance with the existing regulations of Bank of Italy, Consob and IAS) of the prudential limits absorbed, focusing on the main counterparties identified according to Reporting thresholds.

### - Group Credit Transactions

The structure has the following mission: responsible for the Group-wide assessment, monitoring and oversight of Large Credit Transactions and Financial Institutions, Banks and Sovereigns (hereinafter also "FIBS") global credit model management. Furthermore, it is responsible for the assessment, approval and daily management of Country Risks and Cross-Border credit risk-taking.

Define and manage the framework of Groupwide lending processes (e.g. FIBS Underwriting, GAM) in terms of methodology, training support and IT tools ensuring alignment with other related frameworks and GRM guidelines.

### • Group Internal Validation

The structure has the following mission: responsible for validating, at Group level, the risk measurement methodologies, the related processes, the IT components and the data quality, for Pillar I and Pillar II risks, the main managerial models, as well as Group Risk Reporting, as defined in the Global Policy on Internal Validation, providing adequate reporting for Company Bodies and the Supervisory Authority as well as for assessing, monitoring and reporting, at Group level, the model risk for the models in scope of the Model Risk Management (MRM) framework, providing adequate reporting for competent committees and the Board of Directors.

### • Group Strategic & Integrated Risks

The structure has the following mission: responsible, at Group level, for integrated risk strategies definition, risk appetite and stress testing, monitoring and controlling, the integrated view across Pillar I and II risks to Top Management.

Furthermore, it is responsible to embed the ESG risks into the risk management framework.

### • GRM Office & Strategy

The structure has the following mission: responsible for managing and monitoring major initiatives and projects within the Competence Line, implementing managerial decisions and handling of budget planning and costs analysis, promoting training projects and risk culture initiatives

### • Risk CE&EE

The structure has the following mission: responsible for the management and control of credit operations activities and for credit risk steering in relation to Central Europe and Eastern Europe (CE&EE) portfolio booked in UniCredit S.p.A. and for the comprehensive view and the coordination of the management of different types of risks (e.g. credit, financial, operational, liquidity, reputational risks) in regard to CE&EE portfolio booked in UniCredit S.p.A. and CE&EE Legal Entities, together with the risk management responsible functions.

With respect to credit risk, the following specific Committees are active:

- the **Group Executive Committee (GEC) - "Risk" session**, which has approval as well as consulting and proposal functions, aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, key highlights from Internal Control Systems, NPE, ESG;
- the **"Group Financial and Credit Risks Committee" (GFRC)** supports the CEO in the steering, coordination and control of the risks at Group level and consists of the following sessions: (i) *Credit Risk session*, responsible for defining policies, operational limits and methodologies for the measurement, management and control of the credit risks, (ii) *Rating approval session*, responsible for approving rating overrides, (iii) *Market Risk session*, responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of related risks, (iv) *ALCO session*, responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing;

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- **Group Transactional Committee (GTC) - Group Credit Committee Session (GCC)** has consulting and proposal functions for the definition of the CEO's proposals for the Board of Directors for the following topic: Debt-to-Equity transactions or transactions related to Equity participations resulting from Debt-to-Equity transactions for which the powers to approve or issue a Non-Binding Credit Opinion (NBCO) have not been delegated to the Group Transaction Credit Committee.

The GTC - Group Credit Committee Session has approval/NBCO function (decision-making and/or issuing of non-binding opinions to the Group Legal Entities), within the delegated powers, for:

- sub-delegation to the Personnel of the Bank, without the right to further sub-delegate, the powers to take decisions in the matters referred to in subparagraphs A, N, O, Q and R of the Delegation of Powers by the Board of Directors;
- credit proposals referring to all files, including restructuring/workout ones;
- status classification of files;
- relevant strategies and corrective actions to be taken for watchlist files;
- specific limits for transactions related to Debt Capital Markets on Trading book;
- single issuer exposures limits on Trading book;
- temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by Group regulation of competence;
- Debt to Equity transactions and transactions related to Equity participations deriving from Debt-to-Equity transactions;
- the Debt Capital Market (DCM) transactions issuing Non-Binding Credit Opinion (NBCO);
- ECM Risk transactions above specific threshold levels of transaction's value.

Group Transactional Committee (GTC) - "Group Transactional Credit Committee Session" (GTCC) has approval/NBCO functions (decision-making and/or issuing of non-binding opinions to the Group Legal Entities) within the delegated powers for:

- credit proposals referring to all files, including the Group NPE files;
- classification status of files;
- relevant strategies and corrective actions to be taken for watch-list counterparties;
- single issuer exposure limits on Trading book;
- Debt to Equity transactions and/or actions/rights-execution related to equity participations resulting from Debt to Equity transactions;
- Debt to Assets transactions and/or actions/rights execution related to asset resulting from Debt to Asset transactions;
- proposal of distressed asset disposal, in accordance with the regulated specifications and limitations in force;
- the Debt Capital Market (DCM) transactions issuing Non Binding Credit Opinion (NBCO);
- on semiannual basis, the "DCM pre-approved list": list of a selected group of names and respective commitment amounts for which there is no need to have the NBCO on the single transaction;
- temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by dedicated Group regulation;
- ECM Risk transactions above specific threshold levels of transaction's value.

Specific committees related to UniCredit S.p.A. are described in the paragraph "2.1 Organisational aspects which is herewith quoted entirely" to the company accounts of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies, Section 1 - Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

### 2.2 Credit risk management, measurement and control

#### 2.2.1 Credit risk management

The credit risk, associated to the potential loss arising either from a default of the borrower/issuer or from a decrease in the market value of a financial obligation due to a deterioration in its credit quality, is measured at both single borrower/transaction and at whole portfolio level.

Credit lending to single customers, during both the approval and monitoring phases, is supported by a credit rating process, differentiated by customer segment and product. The assessment of a counterpart's creditworthiness, within the credit proposal evaluation, begins with an analysis of the financial statements and the qualitative data (competitive positioning, corporate and organisational structure, etc.), regional and industry factors and counterpart behaviour within the entity or the banking system (e.g. Centrale dei Rischi of Banca d'Italia), and results in a rating, i.e. the counterpart's probability of default ("PD") on a one-year time horizon.

Each borrower's credit rating is reviewed at least annually on the basis of the new information acquired. Each borrower is also assessed in the context of the belonging economic group by taking into account, when needed, the risk for the entire group.

The internal rating assigned to each borrower and its economic group exposure both contribute to the lending decision calculation, defined in such a way that, at a constant credit amount, the approval powers granted to each decision-making corporate body are gradually reduced in proportion to the increased borrower/related risk level.

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The organisational model used by UniCredit group also includes a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so-called rating “overrides”, i.e. any changes to the automatic rating calculated by the rating system (where it is foreseen).

Regular monitoring of the rating focuses on the borrower's performance management, using all the internal and external available information in order to get a score representing a synthetic assessment of the risk associated. This score is obtained using a statistical function that summarises the available information using a set of significant variables that are predictors of an event of default within a 12-months horizon.

In addition to the usual estimation of risk parameters over one-year time horizon, multi-period risk parameters are estimated to provide a more robust assessment of the risk-adjusted performance in compliance with the accounting standards requirements.

All the above-mentioned risk parameters are subject to an initial validation and a regular monitoring process for each rating system in all its components: models, processes, IT architecture and data quality. The aim is to give evidence of the systems compliance, highlighting improvement areas as well as possible misalignments in the methodologies, which could limit the full comparability among the resulting risk measures.

### 2.2.2 Risk parameters

Besides the methodologies summarised in the rating systems, the Group Risk Management function leverages on portfolio model enabled to measure credit risk for Pillar 2 purposes on an aggregated basis and to identify the contribution of single sub-portfolio or obligor to the overall risk.

There are two fundamental portfolio credit risk measures which are calculated and evaluated on a time horizon of one year:

- Expected Loss (“EL”);
- Credit Value at Risk (Credit “VaR”).

The estimate of Credit VaR at overall portfolio level is derived from the distribution of losses obtained by Monte Carlo simulation on the horizon of one year, considering the correlations among counterparties. The total loss in each default scenario is the sum of the individual losses, being defined as the product of LGD TTC (Loss Given Default Through the Cycle) and EAD (Exposure at Default) for transactions related to defaulted counterparties. For most liquid exposures classified at amortised cost, in each simulated scenario, the loss estimation related to their simulated creditworthiness deterioration is added to the total loss related to the counterparties simulated in default.

Within the Credit VaR framework, the Expected Loss (“EL”) at portfolio level is defined as the sum of the product of PD, LGD (both TTC) and EAD for each obligor in the considered portfolio plus a migration risk charge related to the expected creditworthiness deterioration for the most liquid exposures classified at amortised cost.

The Value at Risk (“VaR”) represents the monetary threshold of the losses distribution which is overcome only with a given probability level (a 99.9% confidence level VaR implies that the loss threshold is exceeded in 1 case out of 1,000). Economic Capital is derived from Value at Risk subtracting the Expected Loss and is an input for determining Internal Capital set up to cover potential losses from all the sources of risk (see section “Other risks included in Economic Capital”).

The measures of Economic Capital based on Credit VaR are also a fundamental input for the design and application of credit strategies, the analysis of credit limits and risk concentration. The Economic Capital calculation engine is also one of the instruments used for the analysis of stress testing of the credit portfolio.

The internal Credit VaR model is also subject to assessment in the context of Pillar II validation.

The calculation of the credit economic capital is available on a single technological platform (Group Credit Portfolio Model, GCPM), with a shared methodology for the structures of UniCredit S.p.A. and the main entities of the Group.

In order to assess the credit risk transfer created by securitisation transactions originated by the Group, an engine (Structured Credit Analyser) has also been developed, which simulates the loss distribution of the securitised portfolio and of the tranches, both for synthetic securitisations (in which the risk is transferred through guarantees/credit derivatives) and for traditional ones (where the assets are sold to a special purpose vehicle).

### 2.2.3 Rating systems

In order to determine capital requirements for credit risks, UniCredit group uses the IRB Advanced approach, as stated by Banca d'Italia act No.365138 dated 28 March 2008.

With reference to credit risk, the Group has been authorised to use internal estimations of PD, LGD and EAD parameters for Group wide credit portfolios (Sovereign, Banks, Multinationals and Global Project Finance) and for local credit portfolios of relevant subsidiaries (corporate and retail). With reference to Italian mid-corporate and small business portfolios, regulatory EAD parameters are currently used.

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These methodologies have been adopted by UniCredit S.p.A. (UCI), UniCredit Bank AG (UCB AG) and UniCredit Bank Austria AG (UCBA AG). According to the Roll-out plan, providing a progressive extension of the IRB rating system, approved by the Group and shared with the Supervisory Authorities, these methods have been extended starting from 2008 to other Legal entities currently, UniCredit Banka Slovenija d.d., UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia, a.s., UniCredit Bank Hungary, UniCredit Bank Romania a.s. and AO UniCredit Bank in Russia. In October 2021, UniCredit Leasing GMBH and Subsidiaries have been authorized to revert to the use of the Standardised Approach and to apply the Permanent Partial Use of the Standardised Approach for all AIRB portfolios. From 1 November 2021, UniCredit Bank Ireland plc. was merged in UCI and for exposures coming from UniCredit Bank Ireland the RWA calculation approaches authorised in UCI were adopted.

The following table summarises the rating systems used by the Group with an indication of the related relevant asset class and the entities where they are used. Further details on rating models are present in UniCredit group Disclosure (Pillar III), Credit risk, use of the IRB approach.

PREVAILING ASSET CLASS	RATING SYSTEM	LEGAL ENTITY
Central governments and central banks	Sovereign (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB CZ, UCB SK, UCB RO <sup>(*)</sup>
Institutions	Financial Institutions & Banks (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB Slo <sup>(*)</sup> , UCB BG <sup>(*)</sup> , UCB CZ, UCB HU <sup>(*)</sup> (**), UCB SK, UCB RO <sup>(*)</sup>
Corporate	Multinational (PD, LGD, EAD)	UCI <sup>(****)</sup> , UCB AG, UCBA AG, UCB Slo <sup>(*)</sup> , UCB BG, UCB CZ, UCB HU <sup>(*)</sup> , UCB SK, UCB RO <sup>(*)</sup> , AO UCB <sup>(*)</sup>
	Global Project Finance (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB CZ, UCB SK
	Integrated Corporate Rating RIC (PD, LGD)	UCI
	Mid Corporate (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCB BG, UCB HU <sup>(*)</sup> , UCB Slo <sup>(*)</sup> , UCB SK <sup>(*)</sup> , UCB RO <sup>(*)</sup>
	Foreign Small and Medium Sized Enterprises (PD, LGD, EAD)	UCB AG
	Income Producing Real Estate (IPRE) (PD, LGD, EAD)	UCB AG, UCB CZ
	Acquisition and Leverage Finance (PD, LGD, EAD)	UCB AG
	Wind Project Finance (PD, LGD, EAD)	UCB AG
	Commercial Real Estate Finance (PD, LGD, EAD)	UCB AG
	Real Estate Customers (PD, LGD, EAD)	UCBA AG
	Income Producing Real Estate (IPRE) (Slotting criteria)	UCI, UCBA AG, UCB BG, UCB SK
	Project Finance (Slotting Criteria)	UCB BG
	Local Leasing (PD, LDG, EAD)	UCB CZ
	Integrated Small Business Rating RISB (PD, LGD)	UCI
	Integrated Private Rating (RIP-One) (PD, LGD, EAD) <sup>(****)</sup>	UCI
	Integrated Private Rating Mortgages (RIP-MI) (PD) <sup>(*****)</sup>	UCI
	Small Business (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCB BG, UCB SK
Retail exposures	Private Individuals (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCB BG, UCB SK
	Asset Backed Commercial Paper (PD, LGD, EAD)	UCB AG
Securitisation		

**Notes:**  
<sup>(\*)</sup> These entities are currently authorised only to use the IRB Foundation; therefore they use only PD internal estimations for the determination of capital requirements.  
<sup>(\*\*)</sup> This entity has been authorised to adopt the Group Wide model Financial Institution & Banks (GW BANKS) only for the Commercial Bank segment with the exclusion of the Securities Industry segment.  
<sup>(\*\*\*)</sup> Starting from 2012, the Group Wide Multinational Corporate (GW MNC) rating system (for the estimation of parameters PD, LGD and EAD) is also adopted for the Italian Large Corporate (ILC) portfolio, which includes Italian companies with an operating revenues/value between €250 and €500 million.  
<sup>(\*\*\*\*)</sup> New RIP-ONE model with a unique PD model for Private Individuals at counterparty level.  
<sup>(\*\*\*\*\*)</sup> Applied to Natural Persons characterized by entrepreneurship risk ("Private-like") which are excluded from the scope of application of the RIP-One.

### Keywords:

UCI: UniCredit S.p.A.  
UCB AG: UniCredit Bank AG  
UCBA AG: UniCredit Bank Austria AG  
UCB Slo: UniCredit Banka Slovenija d.d.  
UCB BG: UniCredit Bulbank AD  
UCB CZ: Czech portfolio of UniCredit Bank Czech Republic and Slovakia, a.s.  
UCB HU: UniCredit Bank Hungary ZRT  
UCB SK: Slovak portfolio of UniCredit Bank Czech Republic and Slovakia a.s.  
UCB RO: UniCredit Bank Romania a.s.  
AO UCB: AO UniCredit Bank (Russia)

## Part E - Information on risks and hedging policies

### 2.2.4 Stress test

With reference to the strategies of credit risk management, the use of Credit Risk Stress Test is considered of particular importance because its aim is to analyse the portfolio vulnerability in case of an economic downturn or a structural change of the macroeconomic framework. In performing the stress test exercise, different scenarios are considered, based on increasing levels of severity. In addition, scenarios may also be defined based on specific economic hypotheses.

The credit stress test models (or satellite models) are set of models aimed at translating the macro-economic conditions into credit risk parameters (PD/LGD). Within the wider stress testing framework, the models serve as basis for calculating the stressed PD/LGD projections under the Adverse Scenarios. They are used in the same way for the estimation of Forward-Looking component within the IFRS9 framework.

As regards the modelling methodology, the current framework envisages to estimate, at cluster level (Country/Asset Class) through time series and/or panel regressive analysis, the relationships between the macro-economic factors and the internal default/recovery rate historically observed. However, with regard to the low default portfolios (e.g. Multinational, Banks, Sovereigns), for which no enough defaults events are available, alternative approaches are considered. These imply to leverage either on external data (i.e. external rating) or stressing directly the input of Group Wide Rating System (i.e. Sovereign Rating System).

Model's output in terms of expected variations of PD/LGD conditional to the macro-economic scenarios are then used in order to obtain stressed PD/LGD of each credit exposure. Starting from the stressed PD/LGD the Pillar I Credit Risk metrics (LLP and RWA) are calculated through dedicated simulation engine and according to the EBA Stress test methodology. While Pillar II stress metrics (EC and AFR) are calculated according to the following methodology:

- Credit Economic Capital: stressed PDs and LGDs are used as a basis to recalculate the Credit Economic Capital using the GCPM. The result represents the Credit Economic Capital that would be obtained in the current bank portfolio if the stressed scenario is experienced;
- AFR: the amount stemming from the difference between the Stressed Expected Loss (calculated based on PD-TTC and LGD-TTC) and the actual Expected losses is deducted from AFR.

### 2.3 Measurement methods for expected losses

#### *Risk management practices*

#### 2.3.1 Staging Allocation and Expected Credit Losses Calculation

The Credit Risk Management, Measurement and Control processes described in the previous paragraph, are also used for the calculation of impairment of Loans and debt securities classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and relevant off-balance sheet exposures as required by IFRS9.

For this purpose, the calculation of impairment in accordance with expected credit losses is based on two main pillars:

- the Stage allocation of the credit exposures;
- the associated calculation of expected credit loss.

#### *Stage allocation - General framework*

At UniCredit group, the Stage allocation is based on the application of qualitative and quantitative components.

With reference to the quantitative component of the stage allocation model, the Group has adopted a statistic approach based on a quantile regression, whose goal is to define a threshold in terms of maximum variation acceptable between the PD measure at the disbursement and the one at the reference date; indeed, the definition of the quantile identifies the Stage 2 quota expected on average in the long-time horizon.

The medium long-term quantile is determined based on the average expectation of portfolio deterioration calculated considering the default rate as well as one of the other stages of deterioration (e.g., past-due 30 days). The exposures amount classified in Stage 2 for each reporting date will fluctuate around the long-term quantile based on the current economic conditions as well as expectations about the future economic cycle, with potentially wider fluctuations in case macroeconomic information is specialised by industry.

In more detail among the others qualitative and quantitative elements to be assessed, the following are worth to be outlined:

- comparison, on a transaction basis, between the PD as of origination date, and the PD as of the reporting date, both calculated according to the internal models; the thresholds consider all the key variables that can affect the bank's expectation about PD changes over time (e.g., ageing of the credit exposures, residual maturity, PD level at the time of first origination);
- starting from 31 December 2021, further quantitative criteria, in order to support the timely detection of the Significant Increase in Credit Risk<sup>40</sup>;
- absolute elements, such as the backstops required by law (e.g., 30 days past-due): in this case, the Group has chosen not to reject the significant deterioration presumption after 30 days past-due by allocating in Stage 2 transactions with more than 30 days past due;
- additional internal assessment, also including renegotiations of financial instruments due to financial difficulties met by the counterparty (e.g., Forborne classification) and certain kinds of credit monitoring watchlist classifications<sup>41</sup>.

<sup>40</sup> It is made also reference to sub-section "Stage Allocation - Methodological interventions introduced starting from 31 December 2021".

<sup>41</sup> Starting from 31 December 2021 classification of credit exposures into Stage 2 is triggered by the classification into additional watchlist classes compared with previous periods. Refer to sub-section "IFRS9 Stage Allocation Framework - Newly introduced methodological Interventions recognised as at 31 December 2021".



## Part E - Information on risks and hedging policies

The Stage allocation model is tested at each reporting date, to timely capture both significant deterioration and its reverse in a symmetric way and to correctly allocate each transaction within the proper stage and related expected loss calculation model.

The outcome of the Stage allocation is the classification of credit exposure in Stage 1, Stage 2, or Stage 3 according to their absolute or relative credit quality with respect to the initial disbursement. Specifically:

- the Stage 1 includes:
  - newly issued or acquired credit exposures;
  - exposures for which credit risk has not significantly deteriorated since initial recognition;
  - exposures having low credit risk (low credit risk exemption);
- the Stage 2 includes credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition;
- the Stage 3 includes impaired credit exposures. With reference to Stage 3, it should be noted that it includes impaired exposures corresponding in accordance with Banca d'Italia rules, defined in Circular No.272 of 30 July 2008 and subsequent updates, to the aggregate Non-Performing Exposures as ITS EBA (EBA/ITS/2013/03/rev1 24 July 2014). In particular, EBA<sup>42</sup> has defined as "Non-Performing" exposures that meet one or both of the following criteria:
  - material exposures more than 90 days past due;
  - exposures for which the bank assesses that is unlikely that the debtor would pay in full his credit obligations without recurring to enforcement and realisation of collaterals, regardless of past due exposures and the number of days the exposure is past due.

The result of the stage allocation affects the amount of expected credit losses recognised in financial statements (ref. to the next caption). Indeed:

- for exposures in Stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year;
- for exposures in Stages 2 or 3, impairment is equal to the expected loss calculated over a time horizon corresponding to the entire life of the exposure.

### *Stage Allocation - Methodological interventions introduced starting from 31 December 2021*

Specific methodological interventions on IFRS9 Stage Allocation approach were recognised as at 31 December 2021, through actions classifiable into two macro-areas, especially driven also by expectations by European Central Bank:

1. Indicators aimed at detecting in a further timely way the significant increase in credit risk;
2. Measures aimed at achieving lower volatility in the migrations of the Stage classifications.

Within the interventions related to point *sub.1*, the following methodological actions have been introduced:

- threefold increase in lifetime PD; Stage 2 classification is triggered in case the Lifetime PD at the reporting date results higher than three times the one at the inception date of the financial instruments. Such measure is a Supervisory expectation raised through the ECB Letter "*Identification and measurement of credit risk in the context of the coronavirus (Covid-19) pandemic*"<sup>43</sup>, addressed to banks and also retrievable within the ECB Asset Quality Review Manual;
- adoption of a threshold value of Basel PD equal or higher than 20% as a Stage 2 criterion; such threshold, adopted considering the benchmark value retrievable within the ECB Asset Quality Review Manual, has the aim to identify financial instruments that, with little room for interpretation, have registered a significant increase of credit risk since inception date and with high risk of migration to default;
- extension of the existing Stage 2 qualitative criteria based on risk classifications (so called "watchlist classes") resulting from Credit Monitoring process;
- inclusion of the Driver «Residual Maturity» within existing Quantitative Staging Model aimed at measuring the significant increase of the Lifetime PD between reporting and inception dates of the financial instruments; such driver allows to recognize the potentially higher risk, *ceteris paribus*, of instruments having more pronounced residual maturity (the measure is particularly relevant on long terms exposures, e.g. Mortgage Loans)<sup>44</sup>.

<sup>42</sup> The regulatory framework for the new definition of default has been integrated with the entry into force, starting from 1 January 2021 of the "Guidelines on the application of the definition of default under article 178 of (EU) Regulation 575/2013" (EBA/GL/2016/07).

<sup>43</sup> "ECB Letter - Identification and measurement of credit risk in the context of the coronavirus (Covid-19) pandemic" [04/12/2020] "Thresholds are also consistent across portfolios and do not systematically favour riskier borrowers (e.g. by implementing higher relative stage transfer thresholds which are applied to debtors with generally higher PDs, worse ratings at origination or more volatile rating migrations). In this regard, and also in line with the AQR Manual and the EBA Stress Test Methodological guidance, significant institutions consider, the appropriateness of a threefold increase in the (annualised) lifetime PD from initial recognition as a backstop measure for a significant increase in credit risk. These levels are consistent with what the ECB has observed in recent quantitative surveys across participating significant institutions which were carried out before the onset of the pandemic. To ensure that there is a sufficient level of provisions, this well-established threshold has, therefore, not been relaxed during the Covid-19 pandemic."

<sup>44</sup> Noteworthy the residual maturity driver has been already incorporated within the Quantitative Staging model for Mortgage Retail perimeter in UniCredit S.p.A. since fourth quarter 2020.

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On top to the above, it is pointed out that, under the vein of managing Stage 2 classification within the Covid-19 pandemic context, the full removal of portfolio-based Stage 2 allocation mechanism<sup>45</sup> was done, in line with ECB Letter “*Identification and measurement of credit risk in the context of the coronavirus (Covid-19) pandemic*” recommendation<sup>46</sup>. This ensures, in combined disposition with the measures described above, the full reactivity of the overall methodological framework for Stage classification with respect to the current and foreseeable conditions<sup>47</sup>.

With reference to the interventions related to point *sub.2*, the following measures have been introduced:

- adoption of a 3-months period (so called “Probation Period”) for the reclassification to Stage 1 from Stage 2 in case of overcoming of the quantitative and/or qualitative conditions underlying the Significant Increase in Credit Risk, stabilizing Staging migrations;
- full alignment of the Stage 2 classification to the Forborne Performing status, thus ensuring a minimum period of permanence for concessions to clients in financial difficulty equal to the regulatory Probation Period. Such measure makes consistent the entrance/exit criteria to/from Stage 2 due to Forborne Performing classification, avoiding potentially premature reverts to Stage 1 for obligors having yet significantly higher credit risk than the ordinary performing portfolio.

In addition to these measures, the extension of the Low Credit Risk Exemption rule, on top to Investment Grade Securities, to loans on clients having a 1-year IFRS9 PD lower than 0.3% has started to be implemented. Such threshold, in addition to be a supervisory benchmark retrievable from ECB Asset Quality Review Manual, is also consistent with an Investment Grade equivalent level of risk. The measure, whose deployment at Group level will be completed during 2022, allows to stabilize staging 2 migrations, reducing volatility and avoiding classification for customers characterised by low level of credit risk.

The effects of these new methodological interventions have been recognised as at 31 December 2021, determining an overall increase of credit exposures classified into Stage 2 and, therefore, the recognition of higher write-downs. Specifically:

- in terms of loan loss provisions, the impact of the additional staging measures implemented led to recognize additional provisions for -€438 million (of which -€397 million booked in fourth quarter 2021), almost entirely attributable to the Loan portfolio (of which, by Division: -€233 million in Italy, -€74 million in Germany, -€81 million in Central Europe, -€50 million in Eastern Europe);
- in terms of Asset Quality, the overall on-balance exposures migrated to Stage 2 resulted equal to €39 billion (of which, by Division: €21 billion in Italy, €7 billion in Germany, €10 billion in Central Europe, €1 billion in Eastern Europe).

With reference to the impacts depicted above, it is pointed out that the remarkable migration on Stage 2 exposures is driven in a material way by the adoption of the 3-months Probation Period measure. Such action has been deployed for the first-time adoption looking backward to all positions returned to Stage 1 within the last three months: these ones have been re-allocated into Stage 2 (as the probation period had always been in place). This has contributed to the realised discontinuity in Stage 2 classification. The rationale underlying such first-time adoption reflects the persistent elements of potential downside risks (i.e. revamping of Covid-19 pandemic due to Omicron variant in end 2021 and the macroeconomic uncertainty in the upcoming future). When the new Probation Period will be fully elapsed, and provided that no other Stage 2 indicator occurs, the exposures will revert to Stage 1, progressively re-balancing the Stage 2 increase originated by the first-time adoption of such measure.

### *Expected credit loss calculation - General framework*

To calculate expected loss, the Group has developed specific models based on PD, LGD and EAD parameters and the effective interest rate.

In particular:

- PD (Probability of Default), which expresses the exposure probability of default in a given time horizon (e.g.: 1 year);
- LGD (Loss Given Default), which expresses the estimated loss percentage and therefore the expected recovery rate when a default event occurs;
- EAD (Exposure at Default), expresses the level of the exposure at the time of default event;
- the effective interest rate is the base rate which expresses the time value of money.

<sup>45</sup> The portfolio-based stage 2 correction mechanism is a measure set out since IFRS9 First Time Adoption in first quarter 2018 with the aim to stabilize portfolio allocation in the different staging within boundaries around the long run quantile of the portfolio underlying the estimation sample of the Quantitative Staging Allocation model. Noteworthy this measure is not applied in all Legal Entities of the Group and, specifically for UniCredit S.p.A., its incidence in terms of capping to Stage 2 classification has been already sterilised as a prudent measure in the context of the Covid-19 pandemic period. This additional intervention is aimed at fully removing any boundaries (both cap and floor) to the portfolio allocation in the stage 1 and 2 as resulting from the Stage Allocation Framework, thus eliminating any stabilization mechanism to the staging classification with respect to the current and forward-looking conditions.

<sup>46</sup> “ECB Letter - Identification and measurement of credit risk in the context of the coronavirus (Covid-19) pandemic” [04/12/2020]. Specifically, the recommendation triggering this methodological action is related to this extract “Smoothing stage transfers performed by setting targeted amounts or using reverse engineering to achieve those targets (e.g. by defining ex ante a desired quantile of the loan book that should be allocated in stage 2 in the long run or by adjusting stage transfer thresholds based on predefined quantiles) is avoided for prudent risk management reasons, to ensure an adequate level of provisions.”

<sup>47</sup> It has to be noted that for Italian Private Individuals perimeter the overlay measure (already existing within the current Retail model landscape and connected to the broader prudent strategy given the downside risks and potential delayed side-effects from pandemic) aimed at ensuring a Stage 2 portfolio share equal to the upper bound of the long run quantile of the portfolio, has been maintained in order to ensure stability in the portfolio share in Stage 2. Similarly, on Hungarian perimeter floor to the minimum amount of stage 2 based on long run empirical quantile has been taken given the still important presence of portfolio under payment moratoria. These two overlay measures will be re-assessed in the course of 2022 according to the evolution of the situation.

<sup>48</sup> Predominantly driven by Austrian perimeter.

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Such parameters are calculated starting from the same parameters applied for regulatory purposes, specifically adjusted to guarantee full consistency, however respecting the different requirements between accounting and regulatory treatment. The main adjustments are aimed at:

- removing the conservatism required for regulatory purposes;
- introducing "point in time" adjustments which replace the "through-the-cycle" view required by the regulation;
- including "forward looking" information;
- extending credit risks parameters to a multi years horizon.

With reference to "lifetime" PD, PD curves calculated through-the-cycle are calibrated to reflect the point-in-time and forward-looking expectation with reference to the portfolio default rate.

The recovery rate embedded in the LGD calculated along the economic cycle ("through-the-cycle") is adjusted to remove the margin of conservatism and reflect the current trends in recovery rates as well as expectations about future trends discounted to the effective interest rate or its best approximation.

The EAD calculated along the instrument lifetime is determined by extending the prudential or managerial one-year model, removing the margin of conservatism and including expectations related to future average withdrawal levels of existing credit lines.

The forecast in terms of default rate and recovery rate, determined through models that estimate a relationship between these variables and macroeconomic indicators, are embedded in the PD and LGD parameters during the calibration phase. The credit parameters, in fact, are normally calibrated on a horizon that considers the entire economic cycle ("Through-the-cycle - TTC"), so it is necessary to calibrate them "Point-in-time - PIT" and "Forward-looking - FL" allowing to reflect in these credit parameters the current situation as well as expectations about the future evolution of the economic cycle.

The expected credit loss deriving from the parameters previously described considers macroeconomic forecasts through the application of multiple scenarios to the forward-looking components in order to compensate the partial non-linearity that is naturally embedded in the correlation between the macroeconomic changes and expected credit loss. Specifically, the non-linearity effect is incorporated by estimating a correction factor applied directly to the expected credit loss ("ECL") of the portfolio.

### *Expected credit loss calculation - overlays applied as at 31 December 2021*

As at 31 December 2021, it should be mentioned that, in addition to the management overlay related to the macro-economic scenario described in the section Scenarios and Sensitivity, further overlays with impact on loan loss provisions' recognition were taken in selected geographies in order to consider: (i) potential downside risks stemming from the worsening of Supply Chain bottleneck crises, as also reported by ECB macro-economic projections in December 2021<sup>49</sup>; (ii) persisting uncertainties, also deriving from Covid-19 prolonged effects.

With reference to the first topic, additional measures for ECL quantification were assessed for Czech Republic, Germany and Austria, as identified the most impacted countries considering the relevance supply chain bottlenecks may have for the local economy. The overlay was determined considering: (i) the sensitivity of ECL to GDP through the Satellite model used for forward looking inclusion (ref. to section 2.2 Credit Risk Management, Measurement and Control); (ii) the weight of the exports on local GDP of the countries.

With reference to the second topic, the local specific overlays were mainly taken in:

- Russia, where: (i) specific prudent measures for IFRS9 calibration in June 2021 were fully confirmed given the macroeconomic trend<sup>50</sup>; (ii) additional LLP overlay for Retail clients employed on high-risk sectors likely to be affected by restrictive measures (impacting directly on ECL the effect of proactive staging action<sup>51</sup>);
- Hungary, following up instructions on Classification and minimum provisions coverage provided, in end of November 2021, by the local Central Bank in consideration of moratoria extension occurred in the fourth quarter 2021<sup>52</sup>.

As at 31 December 2021, the overall impact generated by the overlays led to recognise net write-downs for ca. -€119 million, basically attributable to the Loan portfolio (of which, by Division: -€45 million in Germany, -€38 million in Central Europe, -€36 million in Eastern Europe).

Eventually, it is worth noting that the measurement of Loan Loss Provisions as at 31 December 2021 is also affected by the activities for material changes in IRB Models for PD and LGD calculation, in coherence with the EBA "Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures"<sup>53</sup>. Specifically, such activities are related to LGD Models in German and Austrian perimeters, as well as PD Models in Czech Republic, Slovakia and Bulgaria geographies. Despite the material model changes will go live in 2022, the Group, as at 31 December 2021, was already aware of the effects resulting from model enhancements in term of PD and LGD increase on the credit risk of customers; thus, according to IFRS9, the related effects were coherently recognised as at 31 December 2021.

As at 31 December 2021, the model changes led to recognise net write-downs for -€142 million, almost entirely attributable to the Loan portfolio (of which, by Division: -€16 million in Germany, -€96 million in Central Europe, -€30 million in Eastern Europe).

<sup>49</sup> [https://www.ecb.europa.eu/pub/projections/html/ecb.projections202112\\_eurosystemstaff-32e481d712.en.html](https://www.ecb.europa.eu/pub/projections/html/ecb.projections202112_eurosystemstaff-32e481d712.en.html).

<sup>50</sup> Suitable also in light of the geo-political situation.

<sup>51</sup> Refer to sub-section related to "Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)" for explanation of proactive staging measures.

<sup>52</sup> As also mentioned in the sub-section related to "Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)".

<sup>53</sup> EBA/GL/2017/16. The guideline was issued by the European Banking Authority (EBA) to reduce unjustified variability of risk parameters and own funds requirements, and it is part of a broader review of Internal Ratings-Based (IRB) approach carried out by the EBA.

## Part E - Information on risks and hedging policies

### 2.3.2 Non-performing exposures

With reference to impaired exposures (Stage 3) the expected recoverable amount, and therefore the expected credit loss, is the present value of future cash flows expected to be recovered, discounted at the original interest rate.

Therefore, the main determinants of this value are:

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

Expected cash flows on defaulted exposures are calculated on an individual basis for "individually significant exposures".

Expected cash flows on already defaulted exposures that are not individually significant are calculated either on an individual or a collective basis.

Where a Legal Entity has several individually significant exposures towards one single counterparty, each loan is individually assessed while also considering the overall position of the counterparty.

Future cash flows must be estimated considering the historical trend of recovery for exposures having similar credit risk features. The historical trend in any case is adjusted so to embeds the current economic environment and the expected economic outlooks.

### 2.3.3 Selling scenarios

In the assessment of impaired exposures (Stage 3), possible sales scenarios are also considered where the Group's NPE strategy envisages experiencing recovery through their sale to the market.

For this purpose, the presumed recovery value of credit exposures classified as Bad Loans and Unlikely to Pay is determined as weighted average between two scenarios:

- internal recovery scenario, whose expected recovery value is estimated assuming an internal work-out process according to what has previously been described;
- sale scenario, whose expected recovery value is estimated assuming the sale of the exposures on the market. The expected sale price is determined considering market or internal information based on the following hierarchy:
  - prices deriving from past sales of impaired loans with homogeneous characteristics with those evaluated;
  - prices observable on the market for impaired loans with homogeneous characteristics with those evaluated;
  - internal evaluation models.

On 22 December 2021, the Group Financial and Risk Committee approved the update of the disposal strategy by:

- including further Core UTP positions for €583 million (~2,000 NDGs as of 31 December 2021) as part of the strategy aimed to optimize NPE value, also benefiting from the lack of impact on LGD models;
- excluding Non Core illiquid Bad Loans unsecured positions (e.g., passive claims, seizures) equal to €35 million as of 31 December 2021, for which Italian Transactional Credit Committee on 10 December 2021 approved a 99% Write off in the contest of Non Core rundown.

Consequently, as of 31 December 2021 the exposures evaluated by applying the selling scenario approach at UniCredit S.p.A. were equal to €1,900 million.

With reference to the credit exposures evaluated with the selling scenario as of 31 December 2021, the prices were updated in respect of those applied as of 31 December 2020, leading to additional LLPs for - €208 million fully attributable to UniCredit S.p.A.; in particular:

- with reference to Market Benchmark (- €196 million), the prices were updated on the basis of the UniCredit's portfolio eligible to be sold updated as of 30 September 2021, to which the 14 December 2021 prices resulting from the external advisors' independent analysis were applied;
- with reference to Internal Benchmark (- €12 million), the impact coming from: (i) the inclusion of certain transactions in the list of internal transactions included as reference point; (ii) the internal re-assessment of the portfolio cluster, and connected price, applied to each files based on the classification and collateral as of 30 September 2021.

### 2.3.4 Scenarios and Sensitivity

The process defined to include multiple macroeconomic scenarios is fully consistent with forecast processes used by UniCredit group for additional risk management purposes (for example processes adopted to calculate expected credit losses from macroeconomic forecasts based on EBA stress test and ICAAP Framework). Similarly, to other processes (ICAAP) the scenarios are provided by the independent function of UniCredit Research function.

Specifically, the Group has selected three macroeconomic scenarios to determine the forward-looking component of expected losses: a baseline scenario ("base scenario"), an improved scenario ("positive scenario") with respect to baseline and a worsened scenario ("negative scenario") with respect to baseline.

The baseline scenario is the reference central scenario and therefore is considered to be the most probable realization. Positive and negative scenarios represent possible alternative realizations, respectively a better and a worst one compared to the baseline in terms of evolution of the economies of the countries in which the Group operates.

For a description of main assumptions behind "base", "positive" and "downturn" scenarios and related probability realization, refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria.

## Part E - Information on risks and hedging policies

Macroeconomic scenario resulted better than expected in 2021 (particularly for Italian perimeter). However, some downside risks are still present due to potential contagions resurgence and global crises on supply chain, calling to keep an approach on Loan Loss Provisions, in continuity with the second quarter 2021.

In this regard, in line with the IFRS9 standard, it is worth noting that specific analyses were carried out on some variables underlying the macroeconomic scenario in order to assess their ability to reflect the current and the expected evolution of the economy. Indeed, since the second quarter 2021, with reference to the Italian retail portfolio, it was observed that certain macroeconomic variables (unemployment rate, disposable income, Wages Index, House Price Index) showed a rebound benefitting from the government relief aimed at providing economic recovery, such as layoff freezing, that - when removed - will likely determine a worsening of such economic values. Therefore, when updating the Macroeconomic Scenario with reference to the Italian retail portfolio, a prudent approach which kept frozen the related economic forecasts was confirmed in the fourth quarter 2021.

The impact of the measure has been estimated at the date as of 30 September<sup>54</sup> in ca. €140 million of write-down; furthermore, under the same reasons:

- the Default Rate of Italian Small Business was adjusted to neutralize the effects arising from lowering interest rate, as done in the second quarter 2021;
- industry adjustment has been kept frozen at the second quarter 2021, being considered more consistent with the potential downside risks in 2022.

It is worth noting that compared with September 2021 (date in which macroeconomic scenarios were defined) uncertainties about the magnitude and the timing of economic recovery has increased. Indeed, ECB macroeconomic projections published in mid-December have reported the conditions for "downward revision to growth in the short term". On the back of these evidence, showing additional uncertainties compared with September, the Group has decided to perform a managerial overlay leading to a substantially neutral impact of the macroeconomic scenarios update at UniCredit group level.

In order to limit operational risk and given the tight timeframe, the overlay was applied to UniCredit S.p.A. enterprises perimeter (Corporate and Small Business), by recognizing approx. -€90 million of additional LLP.

On top to the update of macroeconomic scenario, default rates and recovery rates underlying IFRS9 PD and LGD calibration have been updated accordingly in line with ordinary process. In this regard, it is worth reminding that since the fourth quarter 2020, and confirmed in the second quarter 2021, methodological measures were adopted to correct the default rates. Such upward measures deploy their effects not only on the ECL estimation, but also on the Staging allocation given the punctual effect on the IFRS PD at the reporting date; such methodological component limits the potential down-lift effect, the revert to Stage 1 bucket and potential asset deterioration for the portfolio currently benefiting from moratoria. Indeed, although moratoria resulted completely expired in almost all countries of the Group, the downside risks connected to Covid-19 pandemic resurgence across Europe and the prolonged effect (potentially expected also in the course of 2022) of the Supply bottleneck, made necessary for the moment to keep these upward adjustments in IFRS9 PD calibration.

Furthermore, in order to consider the potential lagged effect of Covid-19 downturn in year 2020 over the Recovery Rates, the macroeconomic rebound expected in the forward-looking information has been complemented with Point-in-Time adjustment calibration<sup>55</sup> based on 2020-2021 years.

The update of the macroeconomic scenario, inclusive of methodological adjustments reported above, impacted for €93 million write-backs as of 31 December 2021 almost entirely attributable to the Loan portfolio (of which: €90 million write-backs for Italy, €6 million write-down for Germany, €14 million write-backs for Central Europe and €5 million write-down for Eastern Europe).

As mentioned, on top of this amount a managerial overlay, counting for €90 million write-downs, has been recognized (all in UniCredit S.p.A.) aimed to keep an overall substantial neutrality on loan loss provisions for what pertain the macroeconomic scenario effect. On the full year, the update of the macroeconomic scenario has led to recognize an overall amount for €130 million of write-backs, almost entirely attributable to the Loan portfolio.

### *Sensitivity of Expected Credit Losses (ECL)*

An estimation of how the IFRS9 ECL would have changed, by considering the alternative scenarios (positive and negative), was executed at Group level:

- in the positive scenario the ECL would have decreased by about 8.1% (9.2% for UniCredit S.p.A.) equivalent to around €400 million (of which €178 million for UniCredit S.p.A.);
- in the negative scenario the ECL would have increased by about 8.6% (8.8% for UniCredit S.p.A.) equivalent to around €427 million (of which €170 million for UniCredit S.p.A.).

Moreover, a sensitivity to GDP variations embedded in the different scenarios was also estimated as the ratio of:

- the difference between ECL estimated under the alternative scenarios and the one under the baseline;
- the GDP points deviations (on 3 years cumulative basis) between alternative and baseline scenarios respectively.

<sup>54</sup>The impact has been estimated at 30 September 2021 in order to isolate the pure effect of the measure on the Private perimeter given the implementation, occurred in the fourth quarter 2021, of the new IRB rating system for the Private perimeter, redeveloped in the context of the convergence plan to the new regulatory requirements foreseen by the EBA Guidelines on PD and LGD models estimation (EBA/GL/2017/16).

<sup>55</sup> Estimated by means of Recovery Rate models, RRM, unless already considered within Point-in-time adjustment methodology in place, thus incorporating 2020 downturn period.



## Part E - Information on risks and hedging policies

Implied assumptions are:

- GDP forecast (over 3 years) is assumed to be the most relevant economic factor as indicator of scenario severity;
- for each Legal Entity the GDP of the reference country is considered for the calculation of the respective sensitivity (e.g., for UniCredit S.p.A. the Italian GDP was considered, for UniCredit Bank AG the German GDP, etc.).

The results considering the current IFRS9 scenarios and portfolio are the following:

- for 1 point of GDP rise (cumulated over 3 Years) the ECL at Group level is estimated to decrease by -1.9% (-2.3% for UniCredit S.p.A.);
- for 1 point of GDP drop (cumulated over 3 years) the ECL at Group level is estimated to increase by +1.7% (+1.7% for UniCredit S.p.A.).

### 2.3.5 Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)

In the context of the Covid-19 pandemic, specific initiatives have been put in place in order to ensure a proper assessment of the significant increase of the Credit Risk. Indeed, the crisis related to Covid-19 pandemic cannot be considered a normal recession driven by business cycle dynamics as the macroeconomic shock is completely exogenous (i.e. lockdown) and may trigger asymmetric medium-term effects across different industry sectors. In light of the persistence of the pandemic within the entire 2021 and the likely effect that may stem from it in the next year, specific measures, already adopted since 31 December 2020 figures, were confirmed for the 31 December 2021 reporting date as well.

Firstly, a methodological approach has been designed for the Italian perimeter, thus covering UniCredit S.p.A., UniCredit Factoring S.p.A. and UniCredit Leasing S.p.A., with the aim to correct the IFRS9 Probability of Default according to the expected increase in credit risk due to the specificity of the industry. More in details, starting from the forward-looking default rates resulting from the adoption of UniCredit Research baseline scenario, a breakdown by economic sector was carried out in order to identify the areas most affected by the pandemic (this activity was also conducted with the support of an external advisor). The IFRS9 Probability of Default parameter has therefore been adjusted upwards (or downwards), considering the year-on-year deviation of the sector default rate from the average value for the entire economy. This adjustment also generated a potential classification of the related exposures in Stage 2, based on comparison with the Probability of Default at the time of disbursement. In the other Group legal entities, outside Italy, dedicated analyses have been done leveraging on Industry-specific Risk Indexes provided by the same external advisor, also considering forward-looking information related to the country of reference. In particular, analyses have been conducted for UniCredit Bank AG, UniCredit Bank Austria AG, UniCredit Czech Republic and Slovakia a.s., AO UniCredit Bank (Russia), UniCredit Romania S.A., Zagrebacka Banka d.d., UniCredit Bulbank AD and UniCredit Bank Hungary Zrt. According to the outcome of such analysis, and impact materiality, loan loss provisions adjustments have been recognised as well as the potential classification into Stage 2.

Secondly, UniCredit has deemed necessary to confirm also for 31 December 2021 the strengthened criteria for the Significant Increase in Credit Risk (SICR) assessment on customers.

Particularly, besides, where present, specific proactive staging measures tailored according to local characteristics of the portfolio, the upward corrective factors already applied since the 31 December 2020 figures and confirmed in the updated calibration of IFRS models for the 31 December 2021 reporting date, deploy their effects not only on the ECL estimation but also on the Staging allocation. Indeed, given the punctual recognition on the IFRS9 PD at the reporting date, this limits the potential down-lift effect, as well as the revert to Stage 1 bucket, avoiding to neglect potential asset deterioration for the portfolio having benefited from support of moratoria or other protection schemes. In this regard, mainly for UniCredit S.p.A., given the relevance of prorogated payment moratoria and the improvement trend of the PD estimates likely due to the mere effect of payment suspension/rescheduling more than effective improvement of the clients fundamentals, a dedicated measure has been deployed since 30 June 2021. Particularly, the PD estimates for clients benefiting from payment moratoria still in place have been floored to the last value representative of a situation before Covid-19 outbreak. The measure, applied on Corporate and Retail portfolio in Italy and in Retail portfolio of Hungary (i.e. in the two geographies of the Group with still presence of portfolios under payment moratoria), will remain in place at each client level until moratoria expiration and for the subsequent three months.

This measure has led to recognise at the time of its adoption, 30 June 2021, write-downs for -€68 million almost entirely attributable to the loan portfolio. Since this date the loan loss provision related to these exposures have been measured in accordance with the processes described in this section.

Furthermore, in Italy, with reference to Corporate, Small Business and Leasing, the SICR assessment leveraged during 2020 on some initiative based on: (i) Financial distress indicators, by monitoring balance sheet and some rating indicators; (ii) Industry/Sector forward looking view, also leveraging on input from external provider based on the forward-looking effects of Covid-19 virus.

By crossing the financial distress indicators with the Industry/Sector view, a matrix has been set-up which makes it possible to group counterparties on the basis of the above-mentioned dimensions. Therefore, counterparties belonging to the riskiest sections of this matrix have been classified as Stage 2 since a significant worsening of credit risk has been assessed for them. Finally, for Mortgages and Consumer loans under moratoria (excluding those granted to public sector and retired persons) classified under Stage 1 and, with specific reference to Mortgage, having higher probability of default have been migrated to Stage 2.

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In light of the “opt-in” nature of the moratorium extension in Italy, which is related to clients still needing for additional payments rescheduling, a higher loss risk profile is expected. Therefore, to cope with the potential hidden cliff-effect and in order to recognise in a holistic basis the overall expected credit loss risk profile, an overlay for the perimeters asking for moratoria prolongation in Italy has been introduced in second quarter 2021; the aim is smoothing, in terms of loan loss provisions, the potential increase in defaults (cliff effect) that may arise when moratoria measures will expire.

With reference to such scope of exposures, the overlay consisted in:

- classifying exposures into Stage 2 (if not yet Stage 2), on the back of the observation that these counterparties, given the explicit request (opt-in) to prolong moratoria, inherently embed a potential higher default risk once moratoria will cease;
- setting the average coverage ratio of the opt-in portfolio at least to the average Stage 2 coverage rate reported in March 2020 (before Covid-19 outbreak displayed its effects), hence recognising a coverage level more representative of Stage 2 portfolio riskiness in normal conditions.

This overlay has led to recognise at the time of its adoption, 30 June 2021, write-downs for -€153 million entirely attributable to the loan portfolio. Since this date the loan loss provision related to these exposures have been measured in accordance with the processes described in this section.

On the back of this initiative, in 3Q2021 a UTP assessment has been performed on riskiest Opt-in Moratoria Exposures in order to assess the degree of risk of such credit exposures. Such assessment has led to identify, at the time of its adoption, 30 June 2021, credit exposures which are potentially UTP for €0.2 billion out of €2 billion in scope of assessment (majority in highest rating classes) with a resulting 10% default rate.

In addition to UTP classification of the identified credit exposures, such assessment has indicated a higher degree of risk of the overall portfolio which must be reflected in its valuation of risk. As a result:

- all transactions of the clients under Opt-in moratoria have been proactively moved to Stage 2 and their coverage ratio has been aligned to pre-crisis level at client level (as mentioned, in 2Q2021 only exposure under opt-in moratoria were classified into Stage 2);
- all Clients with worse rating classes assumed additional coverage consistent with the expectation that 10% of those positions will default.

Such initiative has led to recognise at the time of first implementation, 30 September 2021, write-downs for -€160 million. Since this date the loan loss provision related to these exposures have been measured in accordance with the processes described in this section.

Similarly, specific managerial overlay measure has been foreseen in Hungary following up instructions on classification and minimum provisions coverage provided, in end of November 2021, by Central Bank of Hungary in consideration of moratoria extension occurred in the 4Q 2021.

Beside the additional Staging measures put in place to cope with the extraordinary Covid-19 contingency, the usual IFRS9 ordinary framework remains up and running without any kind of relaxation of the existing qualitative staging criteria. Particularly: (i) Forbearance classification (potentially relevant for moratoria not compliant with EBA Guidelines) and 30 days past due trigger are always considered Stage 2 qualitative classification events; (ii) additional qualitative events for Stage 2 classification (e.g., certain kinds of credit monitoring watchlist classifications) are considered in UniCredit group IFRS9 Framework and applied by Legal Entities. Similarly, to the qualitative criteria for staging, also for the quantitative ones based on internal thresholds set according to the IFRS9 methodologies in place since FTA have been kept up-and-running without any kind of relaxations.

### 2.4 Credit risk mitigation techniques

UniCredit group uses various credit risk mitigation techniques to reduce potential credit losses in case of the obligor default, consistently with the “Revised Framework of International Convergence of Capital Measures and Rules” (Basel) on the subject of Credit Risk Mitigation techniques (hereafter “CRM”).

Moreover, consistent with the “Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR)”, UniCredit group is firmly committed to satisfy the requirements for recognition of CRM techniques, according to the different approaches adopted (Standardised, Foundation IRB or Advanced IRB), both for internal use in operations and for regulatory capital purposes as necessary for the calculation of credit risk capital requirement.

At the moment specific Group guidelines are in force, issued by the Parent Company, defining group-wide rules and principles with the aim to guide, govern and standardise the credit risk mitigation management, best practice, as well as in accordance with the relevant regulatory requirements.

Such Guidelines pursue several objectives:

- to encourage collateral and guarantees optimal management;
- to maximize the mitigating effect of collateral and guarantees on defaulted loans;
- to attain positive effect on Group capital requirements, ensuring that local CRM practices meet minimum requirements provided in CRR.

## Part E - Information on risks and hedging policies

Moreover, all legal entities have adopted internal regulations, specifying processes, strategies, and procedures for collateral management. In particular such internal regulations detail, according to each Country's local legal system, collateral eligibility, acquisition, valuation and monitoring rules and ensure, among others, the soundness, legal enforceability and timely liquidation of valuable collateral.

Collateral management assessments and credit risk mitigation compliance verification have been performed by the Group's legal entities, specifically as part of Internal Rating System applications, in order to assess the presence of adequate documentation and procedure concerning the credit risk mitigation instruments used for supervisory capital.

Credit risk mitigation instruments can be accepted only to support loans and cannot serve as a substitute for the borrower's ability to meet its obligations. For this reason, they have to be evaluated and analysed in the credit application along with the assessment of the creditworthiness, emphasizing the importance of the "legal certainty" requirement for all collaterals and guarantees, as well as their suitability, in addition to the overall analysis of the borrowers' credit worthiness and of his repayment capacity, with the aim to verify their viability to support the repayment of the exposure.

Legal Entities shall put in place all necessary actions to:

- fulfill the respect of any contractual and legal requirements, and take all steps necessary to ensure the enforceability of the collateral/guarantee arrangements under the applicable law;
- carry out sufficient legal reviews confirming the enforceability of the collateral/guarantee arrangements on the parties and in the relevant jurisdictions.

Legal Entities conduct such review, as applicable, to ensure enforceability and suitability for the entire term of the underlying collateralized credit exposure. Any collateral/guarantee can be considered adequate if it is consistent with the underlying credit exposure and, for guarantees, when there are no relevant risks towards the protection provider.

Collateral management assessments and Credit Risk Mitigation compliance verifications on the risk mitigations techniques are performed by the Legal Entities, specifically as part of the wider process of internal validation on rating systems and of IRB methods roll-out activities on Group Legal Entities.

The management system of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process, to support the evaluation and data quality checks of collaterals/guarantees and their appropriate linking to the categories defined for LGD estimates purposes. Controls and related responsibilities are duly formalised and documented in internal rules. Furthermore, processes are implemented to control that all the relevant information regarding the identification and evaluation of the credit protection are correctly registered in the system.

In the collateral acquisition phase, UniCredit group emphasises the importance of processes and controls of the legal certainty requirements of the protection, as well as the assessment of the suitability of the collateral or guarantee. In case of personal guarantees, the protection provider (or the protection seller in case of credit default swap) has to be assessed in order to measure his/her credit worthiness and risk profile.

Monitoring processes of credit risk mitigation techniques ensure that general and specific requirements set by credit policies, internal and regulatory rules are met over the time.

### **Policies and processes for, and an indication of the extent to which the Group makes use of, on - and off - balance sheet netting**

In general, netting agreements on balance sheet of reciprocal credit exposures between the Bank and its counterparty are considered eligible if they are legally effective and enforceable in all relevant jurisdictions, including in the event of default or bankruptcy of counterparty, and if they meet the following operational conditions:

- provide for the netting of gains and losses on transactions cleared under the master agreement so that a single net amount is owed by one party to the other;
- fulfil the minimum requirements for recognition of financial collateral (valuation requirements and monitoring).

In general, Group Legal Entities can apply netting agreements only if they are able at any time to determine the position netting value (assets and liabilities with the same counterparty that are subject to the netting agreement), monitoring and controlling debts, credit and netting value.

UniCredit group makes use of netting instruments mainly for OTC derivatives, repos and securities lending transactions where the counterparties are, generally, Corporate and Financial Institutions. The primary objective of the bank is to cover with netting agreements as many as possible transactions in order to reduce utilization of credit lines and to release the amount of required regulatory capital. In this regard, a special policy ("Global Policy - Counterparty Credit Risk Governance") has been issued aiming at defining an efficient and comprehensive framework for collateral management to safeguard the bank from avoidable risk-taking.

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The effectiveness of a collateral agreement of each individual counterparty relationship depends on the selection of appropriate assets qualifying as eligible collateral. Certain collateral types may present inherent risks related to the price volatility, the liquidity, and the settlement of the asset. In addition, the collateral assets must be assessed in the context of the collateral providing counterparty (double default risk). Based on the guidelines of the above-mentioned policy, details on the eligibility criteria have been outlined for both OTC derivatives and Repo/securities Lending Transactions, and the requirements in terms of documentations have been defined, requiring, as a general base, market standard agreements such as ISDA Master Agreement, Global Master Repurchase Agreement or European Master Agreement.

### Description of the main types of collateral taken by the Group Entities and related policies and processes for the evaluation

The collateral accepted in support of credit lines granted by the Group's Legal Entities, primarily includes:

- real estate collateral, both residential and commercial;
- financial collateral (including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities (UCITS)).

Other types of collateral (pledged goods or pledged loans and life insurance policies) are less common.

However, in order to be considered eligible for risk mitigation, the general requirements according to Supervisory Regulations must be met, along with the specific requirements for the approach adopted for purposes of calculating regulatory capital for the individual counterparty/exposure (Standardized, F-IRB, A-IRB), in accordance with the legal framework of the country in scope.

The Parent Company provides specific guidelines for the eligibility of all kind of collaterals and each legal entity shall define the list of eligible collateral, according to Group methods and procedures and in compliance with local legal and supervisory requirements and peculiarities.

UniCredit group has implemented a clear and robust system for managing the credit risk mitigation techniques, governing the entire process for evaluation, monitoring and management of collaterals.

The assessment of the collateral value is based on the current market price or the estimated amount which the underlying asset could reasonably be liquidated for (i.e., pledged financial instrument or mortgaged real estate fair value).

For financial instruments, valuation methods are different depending on their typology:

- securities listed on a recognized stock exchange, are evaluated according to the market price (the price of the most recent trading session);
- securities not listed on a recognized stock exchange, have to be evaluated based on pricing models based on market data;
- undertakings for Collective Investments and mutual funds are based on the price for the units that are publicly quoted daily.

The market price of pledged securities is adjusted by applying haircuts for market price and/or foreign exchange volatility, according to regulatory requirements.

In case of currency mismatch between the credit facility and the collateral, an additional haircut is applied.

Possible mismatches between the maturity of the exposure and that of the collateral are also considered in the adjusted collateral value.

The current models in place within the Group are based both on pre-defined prudential haircuts and internally estimated haircuts.

The methodological approach provides that the hedging value has to be estimated for each financial instrument on the basis of its market value (s.c. mark-to-market) adjusted with a haircut that has to consider the intrinsic riskiness according to the different factors (price risk, time of ownership and liquidity risk).

The main legal entities of the Group are also provided with tools for the automatic evaluation of the mark-to-market of the pledged securities, granting the constant monitoring of the financial collateral values.

For the valuation of real estate collateral, specific processes and procedures ensure that the property is evaluated by an independent appraiser at a value not exceeding the market value.

With reference to the main Group legal entities (i.e., those operating in Austria, Germany and Italy) systems are also in place for the periodic monitoring and revaluation of the real estate collateral, based on statistical methods, adopting internal databases or provided by external info-providers.

Other types of collateral (such as a pledge of movable assets) are subject to specific prudential haircuts. Monitoring activities strictly depend on the collateral characteristics. In general pledges on goods are treated with caution.

### Main types of guarantors and credit derivative counterparties and their creditworthiness

The use of guarantees is widespread within UniCredit group, though their characteristics differ among the different local markets; they can be accepted as complementary and accessory to the granting of loans, for which the risk mitigation serves as additional security for repayment.

At consolidated level, personal guarantees are provided by banks, government, central banks and other public entities and others. The last category includes the personal guarantees provided by natural persons, whose eligibility for CRM depends on the approach used by the different legal entities. Less frequently, the risk of default is covered by personal guarantees provided by other legal entities (usually the Parent company or other

## Part E - Information on risks and hedging policies

companies belonging to the same economic group as the borrower), or by financial institutions and insurance companies. In case the guarantee is represented by credit derivatives, the protection providers are mainly banks and institutional counterparties.

As already highlighted, the list of eligible protection providers depends on the specific approach adopted by each single legal entity. Specifically:

- under the standardised approach, eligible protection providers pertain to a restricted list of counterparties, such as central government and central banks, public sector entities and regional and local authorities, multilateral development banks, supervised institutions and corporate entities that have a credit assessment by an eligible ECAI;
- under IRB-A approach, for the recognition of guarantees in the calculation of capital requirements, in addition to verify that the relevant minimum requirements are satisfied, the legal entity can evaluate the protection provider risk profile, through an internal rating system, at the time the guarantee is provided and over its entire duration.

Before a personal guarantee is accepted, the protection provider (or the protection seller in case of credit default swap) must be assessed in order to measure his/her creditworthiness and risk profile. The hedging effect of guarantees/credit derivatives for the purpose of credit protection depends basically on the creditworthiness of the protection provider which is assessed during the credit underwriting phase.

### Information about market or credit risk concentrations under the credit risk mitigation instruments used

Among risks valuation it is pointed out that one connected to concentration risk, which occurs when the major part of Group-wide collateral financial assets (at portfolio level) are concentrated in a small number of collateral types, protection instruments, or specific protection providers or sectors or when there is lack of proportion in the volume of collaterals taken.

Such concentration is monitored and controlled by the following processes/mechanisms:

- in case of personal guarantees/credit derivatives, a contingent liability (indirect risk) is charged to the protection provider. In the evaluation of the credit application, a secondary commitment is added to the guarantor and it is reflected in the guarantor's total credit exposure as deemed competent and approved in accordance with the bank's system of authority;
- in case the protection provider, directly or indirectly, is a Central Bank or a Sovereign country, a specific credit limit has to be instructed; if the guarantor is a foreign subject, it is necessary to evaluate case by case the definition of a country limit.

### 3. Non-performing credit exposures

#### 3.1 Management strategies and policies

In order to ensure a homogeneous approach in the classification of credit exposures for regulatory and reporting purposes, UniCredit has defined guidelines at Group level for the classification of non-performing exposures that refer to the principles reported in the Implementing Technical Standards issued by the Authority European Banking in 2014. This definition of non-performing exposures complements the definition of "default" exposures, disciplined by EBA Guidelines on default definition in line with article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) in force since 1 January 2021, and "impaired" exposures defined by IFRS9 Accounting Standards. A substantial alignment within the Group has been pursued between the three definitions, providing the Supervisory Authorities with a harmonized view of these concepts and strengthening the tools available to the Authorities for assessing the asset quality.

The default classification criteria in force since 1 January 2021 include, among the main aspects, harmonized thresholds at European level for past due materiality and additional Unlikely to Pay triggers further regulated by EBA/GL/2016/07 with respect to the high-level provisions of article 178 of Reg EU 575/2013. In this regard, it is highlighted the Distressed Restructuring for credit obligation object of concession, where a maximum threshold for decreasing the Net Present Value of 1% has been set, as well as specific requirements on the contagion effects of default in the case of connected customers (mainly, groups of companies, joint headings between individuals and links between individuals and companies with unlimited liability). In addition, a mandatory minimum probation period before returning to the non-defaulted status has been defined.

Furthermore, in accordance with the provisions of Banca d'Italia in Circular 272/2008, non-performing credit exposures of each Group entity must be classified in one of the following risk classes:

- past-due and/or overdue exposures: problematic exposures that are more than 90 days past due on any material obligation (the latter assessed in line with article 178 (2d) of EU Regulation No.575/2013 and the Technical Standards of the EBA);
- unlikely to pay: the classification in this category is the result of the judgment of the bank about the unlikelihood, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any (or rate) past due and unpaid amount;
- bad loans: exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank.



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According to the Group rules, all debtors in the bank's portfolio must be mapped in the classes defined by Banca d'Italia, regardless of local reporting which has to be performed according to local accounting standards and/or local supervisory regulations or instructions.

These classification rules are further integrated by accounting principles defined in IFRS9, according to which credit exposures must be allocated in three "stages" (for details see section "Expected loss measurement method" - Section 2). With regard to non-performing exposures, the allocation to "Stage 3" occurs when the customer's status changes into "non-performing". This is a classification at counterparty level and not at transaction level based on specific regulations on the classification of non-performing exposures.

In accordance with Art. 156 EBA ITS, an exposure must remain classified as non-performing<sup>56</sup> as long as the following criteria (exit criteria) are not met simultaneously:

- the situation of the debtor has improved to the extent that full repayment of the original due amount is likely to be made;
- the debtor does not have any amount past-due by more than 90 days.

Specific exit criteria must be applied in case the forbearance measures are extended to non-performing exposures, listed below:

- the starting date of the observation period of one year is the latest between the adoption of Forbearance measures and the classification as non-performing;
- any past due amount is verified if no past due occurs at debtor level;
- concerns regarding the "full repayment" refer to a judgmental evaluation by the empowered Bodies.

In the non-performing credit exposures management, UniCredit group adopts certain strategies that operationally define the activities necessary to achieve the targets defined yearly.

The aforementioned strategies concerning impaired loans include:

- an effective internal restructuring activity, supported by qualified resources with specific skills dedicated to the management of loans classified as unlikely to pay; within these activities, ad-hoc approaches are then envisaged for positions considered strategic or referring to the Corporate and Real Estate segment;
- proactive portfolio management through judicial and extra-judicial procedures managed by internal Workout professionals or assigned to external agencies specialised in credit recovery;
- the recourse of alternative recovery strategies (which UniCredit was one of the first banks to use) based on formalised partnerships aimed at managing positions in the industrial or Real Estate sector;
- proactive management of the Leasing portfolio aimed at speeding up the negotiation times of agreements with counterparties in order to obtain a more effective remarketing process;
- disposal of impaired loans as further strategy for internal recovery both for individual positions and for portfolios of impaired loans, already classified as bad loans and unlikely to pay.

These strategies reflect the main levers for reducing the amount of impaired loans and have led to an important result during 2021, highlighting:

- write-off for €2,175 million;
- recoveries of €3,647 million;
- total non-performing loans sold for €3,761 million.

The decrease amount of the stock of impaired loans to Group customers was therefore in line with the reduction targets set within the new strategic plan "UniCredit Unlocked", achieving an improvement in asset quality with the NPE ratio at 3.6% (-12bps and -3.2% compared to 2021 projections underlying "UniCredit Unlocked"). This result was possible thanks also to the reduction of the "Non Core" portfolio, whose rundown was completed by 2021, thanks to the activation of a coordinated set of levers aimed at reducing the stock.

A successful NPE Strategy execution requires effective interaction between the Group Risk Management structure and the functions dedicated to the management of non-performing exposures directly reporting the local CROs of the Legal Entities.

More specifically, within Group Risk Management, the Group NPE structure was set-up in order to ensure on the one hand an adequate control over the execution and monitoring of the NPE Strategy (which includes the sale of non-performing loans through "Group Distressed Asset Management" and the proactive management of the collateral for the properties acquired through "Npe Portfolio & Repossessed Assets Management") and, on the other hand, an effective cooperation thanks to the joint work carried out with the other Group Risk Management functions.

<sup>56</sup>The regulatory framework for the transition from performing to non-performing exposures ("criteria for a return to a non-defaulted status") will be integrated with the entry into force of the "Guidelines on the application of the definition of default under Art. 178 of EU Regulation No. 575/2013 (EBA/GL/2016/07) as of 1 January 2021.

## Part E - Information on risks and hedging policies

In all legal entities dedicated functions to the management of non-performing exposures are in place; they cover all the phases of the NPEs life cycle, take into account local regulations and the specific characteristics of portfolios, monitor and manage the amount of NPEs coherently with both European Central Bank Guidelines and Group organisational model.

The structures dedicated to the operational management of non-performing exposures are therefore tailored to each state of the life cycle of non-performing loans, starting from a careful monitoring of the performing portfolio, up to the recovery activity that includes the disposal of credit or the "repossession" of the collateral.

In particular, the monitoring activity is aimed at preventing flows to default and reducing the amount of past due exposures by detecting signals of risk of deterioration and early warning, as well as identifying the needed corrective measures to manage the potential deterioration of exposures starting from the early signs of worsening of the counterparties' credit quality.

Soft collection, door-to-door and re-management activities which pertain both performing (though already overdue) counterparties and already defaulted clients are carried out through the use of multiple channels, also using outsourcing solutions to third-party companies (in particular for door-to-door recovery activities). These activities also aim at preventing flows to default and facilitating the back-to-performing classification (main focus), thus contributing to a reduction of the overall amount of non-performing exposures.

In Group's legal entities the aforementioned activities can be managed within either the Monitoring, or Restructuring or Workout units.

As part of the overall management of deteriorated exposures, the Restructuring activity is aimed at mitigating the risk of insolvency and the quality of exposures with restructuring agreements and company reorganisation plans as well as reducing the amount of unlikely to pay with recoveries and performing re-classification, by means of forbearance measures. Specifically, among the strategies for managing unlikely to pay loans to corporate counterparties, there are also restructuring platforms (up to now limited to the Italian market), the disposal of individual exposures and extraordinary finance transactions.

The coordination and implementation of recovery strategy on positions classified as bad loans fall instead within the responsibility of the "Workout" unit, whose reporting structures identify the optimal strategies for maximising recoveries, including the timely enforcement of collaterals.

In some Group legal entity the activity is also implemented by leveraging on service agreements with external agencies.

As pertains the disposal activities, these refer to the organisation, management and execution of sales processes (both credit portfolios and individual positions), through the application of a transparent and competitive methodology based on market criteria. At Group level, these activities are performed by a dedicated department within UniCredit S.p.A. (Group Distressed Asset Management), which evaluates various disposal options alternatives, in cooperation with the legal entity's peer function where deemed necessary to handle specific local cases.

The proactive management of real estate guarantees is coordinated at Parent Company level by a dedicated department (NPE Portfolio & Repossessed Assets Management), which oversees the strategy of repossession of the collateral and the specific activities carried out within the Group, particularly in those entities specialised in the acquisition of collateral (for example the UCTAM company). The aforementioned function also oversees the possible creation of a "Real Estate Owned Company" ("ReoCo") in Italy.

Beyond the operational responsibilities in the non-performing exposures management, from a governance and strategic coordination standpoint a framework which foresees periodic alignments with top management and sharing of the NPE strategies in official committees and also between the Holding company and the other Group companies has been set up in order to ensure the effective steering, coordination and control of the non-performing loans reduction plan, ensuring an effective alignment of the common objectives between the Parent Company and the various Group legal entities, also through the involvement of both "Group Risk Management" and "Group Lending Officer" functions according to the instructions of the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments).

As clarified above, UniCredit has defined group-wide guidelines in order to ensure the full alignment between the Default, Impaired and NPE definitions, in order to have a homogeneous approach on the loan categorisation practices for supervisory and reporting purposes, adopting the Default definition as the basis for the provisions calculation.

To this aim the Group has defined a list of events directly qualifying the Unlikely to Pay status (Default events) and a list of triggers for the detection to be assessed for the confirmation of the Unlikely to Pay status. In line with the guidelines provided by ECB the latter are differentiated among trigger events "hard" and "soft". The "hard" triggers imply that obligors are classified as Unlikely to Pay with little room of interpretation, as these events very often, due to their nature, fulfill the definition of Unlikely to Pay. The "Soft" triggers shall be considered for the assessment of the unlikeliness to pay requirement of the obligor. In presence of one of these evidences, the capability of repayment has to be assessed.

### 3.2 Write-off

Group guidelines for write-offs on financial assets provides that whenever a loan is deemed to be uncollectable/unrecoverable it needs to be identified at the earliest possible opportunity and properly dealt with in accordance with financial regulations. Write-offs can relate to a financial asset in its entirety, or to a portion of it.

In assessing the recoverability of non-performing exposures (NPE) and in determining internal NPE write-off approaches, the following cases, in particular, are taken into account:

- exposures with prolonged arrears: it is assessed the recoverability of an exposure that presents arrears for a prolonged period of time. If, following this assessment, an exposure or part of an exposure is deemed as non-recoverable, it should be written-off in a timely manner, adopting different thresholds predefined on the basis of the different portfolios;

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- exposures under insolvency procedure: where the collateralization of the exposure is low, legal expenses often absorb a significant portion of the proceeds from the bankruptcy procedure and therefore estimated recoveries are expected to be very low;
- a partial write-off may be warranted where there are reasonable elements to demonstrate the debtor's inability to repay the full amount of the debt, i.e. a significant level of debt, even following the implementation of a forbearance treatment and/or the execution of collateral.

Below a non-exhaustive list of hard evidences implying, with high likelihood, the not recoverability of the exposure, to be assessed, for the potential (total or partial) write-off:

- the Bank cannot call the guarantor(s), or his assets are not sufficient for the recovery of the debtor's exposures;
- negative outcome of the judicial and/or out-of-court initiatives with absence of other assets that can be called in the event of un-recoverability of the debtor's exposures;
- impossibility to initiate actions to recover credit;
- current insolvency procedure, from which the procedure itself states that the unsecured exposures will not have redress;
- loans not backed by mortgage security older than 3 years that have not registered repayments/collections during the first 3 years after the NPE classification.

Specifically, for UniCredit group perimeter, Write-offs on financial assets still subject to an enforcement procedure amount to €10,759 million as of 31 December 2021, of which partial write-offs amount to €1,911 million and total write-offs amount to €8,848 million. The amount of write-offs (both partial and total) related to the 2021 financial year is €1,237 million. 2021 write-offs cannot be compared with write-offs amount reported in gross changes in non-performing exposures, because the latter includes "debt forgiveness".

### 3.3 Acquired or originated impaired financial assets

Purchased or Originated Credit Impaired ("POCI") are credit exposures that are already impaired on initial recognition. Consequently, every purchase of credit assets of Non Performing obligors or significant new origination done on obligors already in Non-Performing status, considering the full alignment between impaired status and Non-Performing one, shall be considered as POCI Assets (though, in general, POCI classification is the result of the restructuring of impaired exposures which has led to the provision of significant new finance, either in absolute or in relative terms, compared with the among of the original exposure).

These exposures are subject to management, measurement and control according to the principles described in the paragraph "2.2 Credit risk management, measurement and control", Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk policies management.

In particular, the expected credit losses recorded at initial recognition within the carrying amount of the instrument are periodically reviewed on the basis of the processes described in the previous paragraphs.

The expected credit loss calculated for these credit exposures is always determined considering their residual life, and such exposure are conventionally allocated into Stage 3, or in Stage 2 if, as a result of an improvement in the creditworthiness of the counterparty following the initial recognition, the assets are performing.

These assets are never classified under Stage 1 because the expected credit loss must always be calculated considering a time horizon equal to the residual duration.

### 4. Financial assets subject to commercial renegotiations and forbore exposures

Changes in existing financial instruments which determine a modification of contractual conditions might be the result of either:

- commercial initiatives, which may be specific for each customer or applied to portfolio of customers also as a result of dedicated initiatives sponsored by public authorities or banking associations;
- concessions granted in light of debtor's financial difficulties (Forbearance).

Such changes are accounted on the basis of whether the modification is considered significant or not. In this regard, reference is made to the Part A - Accounting policies, A.2 - Main items of the accounts.

The concessions granted due to debtor's financial difficulties, so called Forbearance initiatives, are usually considered not significant from an accounting perspective.

#### 4.1 Loan categorisation in the risk categories and forbore exposures

In July 2014, the European Banking Authorities issued the "Implementing Technical Standards" ("ITS") on non-performing and Forborne exposures, with the aim to allow, a closer supervisory monitoring of banking forbearance practices. In line with the mentioned ITS, a transaction has to be considered as forbore when both of the following conditions are simultaneously met:

- a concession in favour of the debtor exists, in the form of either (i) a contractual modification or (ii) refinancing aimed at ensuring the repayment of pre-existing obligation;
- the debtor is facing or about to face financial difficulties.

## Part E - Information on risks and hedging policies

To comply with EBA ITS, since 2015 UniCredit S.p.A. has worked on the definition of a common methodological framework for forbearance process, issuing group's guidelines on forbearance management and setting up a shared IT infrastructure (i.e. Forbearance engine). Specifically, the Forbearance engine automatically performs, on the basis of a set of a pre-defined criteria, an assessment of the overall financial difficulty of the client subject to a concession (Trouble Debt Test). In coherency with the overall solution, the different Group's legal entities adopted some fine-tunings to adapt the Group's framework to the local IT tools and credit practices.

Starting from 2017, the regulatory framework relating to the management of Forborne exposures has been integrated with the following papers:

- "Guidance to Banks on Non-Performing Loans", issued by European Central Bank in March 2017, which require to Banks to define a clear NPL strategy aiming at the reduction of NPE Stock;
- "Guidelines on management of non-performing and forborne exposures", issued by European Banking Authority in October 2018, which are overall aligned with the ECB Guidance;
- "Guidelines on disclosure of non-performing and forborne exposures", issued by European Banking Authority in December 2018, which is focused on the disclosure templates to be used for Group's supervisory reporting purposes.

In order to ensure ongoing alignment with the regulatory and supervisory requirements mentioned above regarding bank's forbearance practices, the Parent Company finalised the following activities:

- review of the list of the potential Forbearance measures to acknowledge: (i) with the split between short-term measures (duration less than 24 months) and long-term measures (duration higher than or equal to 24 months), (ii) with the possibility of granting combinations of short and long-term FBE measures and (iii) with the "viability criteria" defined by Supervisory for each FBE measure;
- reinforcement of the affordability assessment of the client prior to the Forbearance concession taking care to the case of multiple forbearance measures on the same exposure;
- collection and monitoring of the relevant information within FinRep Reporting with disclosure on:
  - performing and non-performing portfolio;
  - guarantees;
  - default inflows and outflows;
  - list of the FBE Measures granted.

In light of the Covid-19 Pandemic, the European Banking Authority issued the "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis issued<sup>57</sup>" providing specific indications to the banks on the regulatory treatment of the legislative moratoria and banking initiatives in terms of Forbearance Classification; for details refer to the paragraph General Aspects - Section 2.1. Credit Risk. In this regard, Group Guidelines have been timely provided to the legal entities in order to strengthen debtor's financial difficulty assessment in a harmonized way across the Group. This has been done by introducing further hard criteria and a judgmental component that, selectively, should help intercepting financial difficulty signs through managerial evidence in line with the abovementioned EBA Guidelines and UTP prioritization criteria. Furthermore, starting with concessions granted in April 2021, an enhanced Trouble Debt Test has been already implemented for Italian perimeter by extending the current criteria in order to:

- better capture significant increase in credit risk deterioration.
- be more sensitive to credit monitoring managerial classification also in light of overdue mitigation deriving from moratoria;
- proactively intercept financial difficulty signs coming from new-Covid-19 moratoria requests.

With reference to the monitoring and reporting activity on forborne exposures, on 31 December 2021 the number of instruments (loans and advances at amortized cost) with forbearance measures amounts to 213.972 (156.041 for UniCredit S.p.A. perimeter).

Specifically, on a consolidated level:

- forbearance measures granted during the period represent 49% of the total (54% considering only UniCredit S.p.A.);
- forbearance measures granted on the performing portfolio represent the 57% of the total (56% considering only UniCredit S.p.A.).

As regards the vintage of classification of forborne exposures, the information reported below pertain to loan and advances at amortized cost, as financial assets at fair value and off-balance sheet exposures do not represent (out of the overall forborne portfolio) a materially significant relevance. More in details, at consolidated level, 81% of forborne performing exposures has a vintage of classification <= 24 months, slightly higher with reference to UniCredit S.p.A. portfolio (87%). In terms of forborne non-performing loans, 65% of consolidated exposures fall within a classification vintage <=24 months (53% for UniCredit S.p.A. portfolio).

In addition, regarding the assessment of the Significant Increase of the Credit Risk. in the context of the Covid-19 pandemic, please refer to the paragraph "2.3 Measurement methods for expected losses", Note to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2.1. Credit Risk, Qualitative information.

<sup>57</sup> EBA Guidelines - on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis issued on 2 April 2020 ("EBA/GL/2020/02").

## Part E - Information on risks and hedging policies

### Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is equivalent to the one for non-performing exposures referred to in the EBA standards.

#### A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds except for the tables of the paragraph "A.2 Classification of credit exposure based on internal and external ratings", in which units in investment funds are included.

#### A.1 Non-performing and performing credit exposures: amounts, writedowns, changes, distribution by business activity

##### A.1.1 Regulatory consolidation - Breakdown of financial assets by past-due buckets (carrying value)

(€ million)

PORTFOLIOS/RISK STAGES	STAGE 1			STAGE 2			STAGE 3			PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
	FROM 1	OVER 30	OVER 90	FROM 1	OVER 30	OVER 90	FROM 1	OVER 30	OVER 90	FROM 1	OVER 30	OVER 90
	TO 30	AND UP		TO 30	AND UP		TO 30	AND UP		TO 30	AND UP	
	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS
1. Financial assets at amortised cost	4,754	153	67	2,270	462	232	2,596	216	1,992	1	-	2
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial instruments classified as held for sale	43	-	-	15	15	2	47	17	240	-	-	-
<b>Total 12.31.2021</b>	<b>4,797</b>	<b>153</b>	<b>67</b>	<b>2,285</b>	<b>477</b>	<b>234</b>	<b>2,643</b>	<b>233</b>	<b>2,232</b>	<b>1</b>	<b>-</b>	<b>2</b>
<b>Total 12.31.2020</b>	<b>4,294</b>	<b>114</b>	<b>95</b>	<b>1,557</b>	<b>788</b>	<b>616</b>	<b>2,220</b>	<b>182</b>	<b>2,898</b>	<b>11</b>	<b>1</b>	<b>4</b>

The amounts past due over 90 days and related to Stage 1 and Stage 2 exposures refer to loans that do not meet the definition of Non-performing past due (below the materiality threshold).

##### A.1.2 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS											
	FINANCIAL ASSETS CLASSIFIED IN STAGE 1						FINANCIAL ASSETS CLASSIFIED IN STAGE 2					
	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT
<b>Opening balance (gross amount)</b>	<b>1</b>	<b>1,199</b>	<b>50</b>	<b>4</b>	<b>92</b>	<b>1,165</b>	<b>-</b>	<b>2,998</b>	<b>8</b>	<b>3</b>	<b>224</b>	<b>2,785</b>
Increases in acquired or originated financial assets	1	273	-	-	-	274	-	335	1	-	-	335
Reversals different from write-offs	-	(228)	(6)	-	(3)	(231)	-	(607)	(3)	-	(22)	(589)
Net losses/recoveries on credit impairment	-	(251)	13	-	7	(246)	-	718	11	18	56	691
Contractual changes without cancellation	-	(5)	-	-	-	(5)	-	(5)	-	-	-	(5)
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	(1)	-	-	-	(1)	-	(2)	-	-	-	(2)
Other changes	-	20	(1)	281	(2)	302	-	(31)	(1)	481	34	418
<b>Closing balance (gross amount)</b>	<b>2</b>	<b>1,007</b>	<b>56</b>	<b>285</b>	<b>94</b>	<b>1,258</b>	<b>-</b>	<b>3,406</b>	<b>16</b>	<b>502</b>	<b>292</b>	<b>3,633</b>
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	1	-	-	-	1
Write-off are not recognised directly in profit or loss	-	(22)	-	-	-	(22)	-	-	-	-	-	-



## Part E - Information on risks and hedging policies

continued: A.1.2 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS									
	ASSETS BELONGING TO THIRD STAGE						PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS			
	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	OF WHICH: INDIVIDUAL IMPAIRMENT
Opening balance (gross amount)	-	12,735	1	559	9,738	3,556	14	-	-	10
Increases in acquired or originated financial assets	-	265	1	-	197	69	-	-	-	-
Reversals different from write-offs	-	(3,369)	-	(2,292)	(1,871)	(3,790)	(2)	-	(3)	-
Net losses/recoveries on credit impairment	-	1,194	-	(59)	246	889	-	-	-	-
Contractual changes without cancellation	-	4	-	-	4	(1)	1	-	-	1
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-
Write-off	-	(2,014)	-	(1)	(1,485)	(531)	-	-	-	-
Other changes	-	49	-	2,505	(145)	2,699	1	-	3	(1)
Closing balance (gross amount)	-	8,864	2	712	6,684	2,891	14	-	-	10
Recoveries from financial assets subject to write-off	-	99	-	-	52	47	-	-	-	-
Write-off are not recognised directly in profit or loss	-	(159)	-	(6)	(93)	(72)	(1)	-	-	(1)

continued: A.1.2 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS				TOTAL
	TOTAL PROVISIONS ON LOANS COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	COMMITMENTS FUNDS AND FINANCIAL GUARANTEES PURCHASED OR ORIGINATED CREDIT-IMPAIRED	
Opening balance (gross amount)	175	182	907	-	18,836
Increases in acquired or originated financial assets	58	53	76	-	1,063
Reversals different from write-offs	(19)	(25)	(263)	-	(6,817)
Net losses/recoveries on credit impairment	(13)	19	137	-	1,787
Contractual changes without cancellation	-	-	-	-	(5)
Changes in estimation methodology	-	-	-	-	-
Write-off	-	-	-	-	(2,018)
Other changes	2	(3)	(1)	-	3,305
Closing balance (gross amount)	203	226	856	-	16,151
Recoveries from financial assets subject to write-off	-	-	-	-	100
Write-off are not recognised directly in profit or loss	-	-	-	-	(188)

## Part E - Information on risks and hedging policies

## A.1.3 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: transfers between risk stages (gross values and nominal values)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES/NOMINAL VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
1. Financial assets at amortised cost	56,322	19,995	3,068	906	1,265	90
2. Financial assets at fair value through other comprehensive income	155	-	-	-	-	-
3. Financial instruments classified as held for sale	1,109	474	144	20	26	9
4. Loan commitments and financial guarantees given	19,017	6,571	158	34	109	128
<b>Total 12.31.2021</b>	<b>76,603</b>	<b>27,040</b>	<b>3,370</b>	<b>960</b>	<b>1,400</b>	<b>227</b>
<b>Total 12.31.2020</b>	<b>65,184</b>	<b>11,274</b>	<b>3,649</b>	<b>534</b>	<b>3,719</b>	<b>196</b>

## A.1.3a Other loans and advances subject to Covid-19 measures: transfers between impairment stages (gross values)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
<b>A. Financial assets at amortised cost</b>	<b>7,117</b>	<b>2,349</b>	<b>723</b>	<b>33</b>	<b>206</b>	<b>17</b>
A.1 EBA-compliant moratoria loans and advances	19	4	3	6	15	14
A.2 Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	1,083	111	36	1	14	-
A.3 Loans and advances with other forbearance measures	832	12	584	22	39	-
A.4 Newly originated loans and advances	5,183	2,222	100	4	138	3
<b>B. Financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 EBA-compliant moratoria loans and advances	-	-	-	-	-	-
B.2 Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	-	-	-	-	-	-
B.3 Loans and advances with other forbearance measures	-	-	-	-	-	-
B.4 Newly originated loans and advances	-	-	-	-	-	-
<b>Total 12.31.2021</b>	<b>7,117</b>	<b>2,349</b>	<b>723</b>	<b>33</b>	<b>206</b>	<b>17</b>
<b>Total 12.31.2020</b>	<b>14,907</b>	<b>634</b>	<b>819</b>	<b>28</b>	<b>447</b>	<b>16</b>

## Part E - Information on risks and hedging policies

## A.1.4 Regulatory consolidation - On- and off-balance sheet credit exposures with banks: gross and net values

(€ million)

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT					12.31.2021					OVERALL PARTIAL WRITE-OFFS(*)	
	GROSS EXPOSURE				PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	OVERALL WRITE-DOWNS AND PROVISIONS				NET EXPOSURE		
	STAGE 1	STAGE 2	STAGE 3			STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS			
<b>A. On-balance sheet credit exposures</b>												
<b>A.1 On Demand</b>	98,456	98,159	297	-	-	2	2	-	-	-	98,454	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	98,456	98,159	297	X	-	2	2	-	X	-	98,454	-
<b>A.2 Other</b>	105,746	99,617	1,943	5	-	19	10	3	5	-	105,727	-
a) Bad exposures	5	X	-	5	-	5	X	-	5	-	-	-
of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due	36	24	12	X	-	-	-	-	X	-	36	-
of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	105,705	99,593	1,931	X	-	14	10	3	X	-	105,691	-
of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
<b>Total (A)</b>	<b>204,202</b>	<b>197,776</b>	<b>2,240</b>	<b>5</b>	<b>-</b>	<b>21</b>	<b>12</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>204,181</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	26,981	10,825	861	X	-	11	8	2	X	-	26,970	-
<b>Total (B)</b>	<b>26,981</b>	<b>10,825</b>	<b>861</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>8</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>26,970</b>	<b>-</b>
<b>Total (A+B)</b>	<b>231,183</b>	<b>208,601</b>	<b>3,101</b>	<b>5</b>	<b>-</b>	<b>32</b>	<b>20</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>231,151</b>	<b>-</b>

Note:

(\*) Value shown for information purposes.

On-balance sheet exposures to banks include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage 1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortised cost, assets at fair value through other comprehensive income, current accounts and demand deposits with Banks and Central Banks and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss. Off-balance sheet exposures to banks comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.

## Part E - Information on risks and hedging policies

## A.1.5 Regulatory consolidation - On- and off-balance sheet credit exposures with customers: gross and net values

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT 12.31.2021											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS AND PROVISIONS					NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS			
A. On-balance sheet credit exposures												
a) Bad exposures	5,027	X	-	5,001	13	3,713	X	-	3,693	10	1,314	1,817
of which: forborne exposures	1,359	X	-	1,345	2	908	X	-	898	-	451	417
b) Unlikely to pay	12,028	X	-	11,892	20	5,637	X	-	5,553	3	6,391	277
of which: forborne exposures	7,534	X	-	7,483	18	3,562	X	-	3,537	3	3,972	232
c) Non-performing past due	854	X	-	854	-	325	X	-	325	-	529	-
of which: forborne exposures	42	X	-	42	-	19	X	-	19	-	23	-
d) Performing past due	8,700	5,433	3,266	X	-	331	31	300	X	-	8,369	-
of which: forborne exposures	386	7	379	X	-	58	-	58	X	-	328	-
e) Other performing exposures	595,245	453,826	106,885	X	13	5,004	1,363	3,641	X	-	590,241	-
of which: forborne exposures	9,236	232	8,962	X	8	910	11	899	X	-	8,326	-
Total (A)	621,854	459,259	110,151	17,747	46	15,010	1,394	3,941	9,571	13	606,844	2,094
B. Off-balance sheet credit exposures												
a) Non-performing	2,997	X	-	2,017	-	977	X	-	856	-	2,020	-
b) Performing	338,276	172,994	42,013	X	-	439	194	224	X	-	337,837	-
Total (B)	341,273	172,994	42,013	2,017	-	1,416	194	224	856	-	339,857	-
Total (A+B)	963,127	632,253	152,164	19,764	46	16,426	1,588	4,165	10,427	13	946,701	2,094

Note:

(\*) Value shown for information purposes.

On-balance sheet exposures to customers include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortized cost, assets at fair value through other comprehensive income and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss.

Off-balance sheet exposures to banks comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.

## Part E - Information on risks and hedging policies

## A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT 12.31.2021									
	GROSS EXPOSURE					OVERALL WRITE-DOWNS				
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	NET EXPOSURE
<b>A. Bad loans</b>	<b>60</b>	-	-	<b>60</b>	-	<b>17</b>	-	-	<b>17</b>	<b>43</b>
a) EBA-compliant moratoria loans and advances	-	-	-	-	-	-	-	-	-	-
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	4	-	-	4	-	3	-	-	3	1
c) Loans and advances with other forbearance measures	47	-	-	47	-	13	-	-	13	34
d) Newly originated loans and advances	9	-	-	9	-	1	-	-	1	8
<b>B. Unlikely to pay loans</b>	<b>2,382</b>	-	-	<b>2,376</b>	<b>5</b>	<b>751</b>	-	-	<b>751</b>	<b>1,631</b>
a) EBA-compliant moratoria loans and advances	2	-	-	2	-	1	-	-	1	1
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	196	-	-	195	-	137	-	-	137	59
c) Loans and advances with other forbearance measures	1,903	-	-	1,901	2	530	-	-	530	1,373
d) Newly originated loans and advances	281	-	-	278	3	83	-	-	83	198
<b>C. Non-performing past due loans</b>	<b>31</b>	-	-	<b>31</b>	-	<b>5</b>	-	-	<b>5</b>	<b>26</b>
a) EBA-compliant moratoria loans and advances	-	-	-	-	-	-	-	-	-	-
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	2	-	-	2	-	1	-	-	1	1
c) Loans and advances with other forbearance measures	8	-	-	8	-	3	-	-	3	5
d) Newly originated loans and advances	21	-	-	21	-	1	-	-	1	20
<b>D. Performing past due loans</b>	<b>289</b>	<b>85</b>	<b>203</b>	-	-	<b>13</b>	<b>1</b>	<b>12</b>	-	<b>276</b>
a) EBA-compliant moratoria loans and advances	14	-	13	-	-	2	-	2	-	12
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	31	6	25	-	-	3	-	3	-	28
c) Loans and advances with other forbearance measures	50	-	50	-	-	5	-	5	-	45
d) Newly originated loans and advances	194	79	115	-	-	3	1	2	-	191
<b>E. Other performing exposures loans</b>	<b>35,854</b>	<b>21,061</b>	<b>14,788</b>	-	<b>1</b>	<b>633</b>	<b>52</b>	<b>578</b>	-	<b>35,221</b>
a) EBA-compliant moratoria loans and advances	104	36	69	-	-	4	-	3	-	100
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	6,430	3,602	2,828	-	-	224	26	198	-	6,206
c) Loans and advances with other forbearance measures	3,722	21	3,695	-	1	314	-	313	-	3,408
d) Newly originated loans and advances	25,598	17,402	8,196	-	-	91	26	64	-	25,507

During 2021 several actions continued to be taken regarding lending processes across the Group Legal Entities to properly deal with Covid-19. At the end of December 2021, gross exposure of loans and advance subject to Covid-19 measures amounted to €38,616 million, of which €36,143 million performing and €2,473 million non-performing (6.4% of total loans), of which €60 million bad loans, €2,382 million unlikely to pay, €31 million non-performing past due. The largest components of the loans benefitting from Covid-19 initiatives are in Italy, representing 78% of Group figures (96% classified as Performing), and in CEE countries, representing 14% of Group figures (96% classified as Performing).



## Part E - Information on risks and hedging policies

## A.1.6 Regulatory consolidation - On-balance sheet exposures with banks: changes in gross non-performing exposures

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
<b>A. Opening balance (gross amount)</b>	<b>1</b>	<b>6</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-	-
<b>B. Increases</b>	<b>4</b>	<b>-</b>	<b>-</b>
B.1 Transfers from performing loans	-	-	-
B.2 Transfers from acquired or originated impaired financial assets	-	-	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfers from other categories of non-performing exposures	4	-	-
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	-	-	-
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Reductions</b>	<b>-</b>	<b>6</b>	<b>-</b>
C.1 Transfers to performing loans	-	-	-
C.2 Write-offs	-	-	-
C.3 Collections	-	2	-
C.4 Sale proceeds	-	-	-
C.5 Losses on disposal	-	-	-
C.6 Transfers to other non-performing exposures	-	4	-
C.7 Contractual changes with no cancellations	-	-	-
C.8 Other decreases	-	-	-
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>5</b>	<b>-</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-	-

Sub-items "B.5 Other increases" and "C.3 Collections" include amounts recovered during the year concerning impaired exposures which were derecognised in their entirety.

## A.1.6bis Regulatory consolidation - On-balance sheet exposures with banks: changes by credit quality in gross forborne exposures

(€ million)

SOURCES/QUALITY	CHANGES IN 2021	
	FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
<b>A. Opening balance (gross amount)</b>	<b>2</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-
<b>B. Increases</b>	<b>-</b>	<b>-</b>
B.1 Transfers from performing non-forborne exposures	-	-
B.2 Transfers from performing forborne exposures	-	X
B.3 Transfers from non-performing forborne exposures	X	-
<i>of which: business combinations</i>	X	-
B.4 Other increases	-	-
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	<b>2</b>	<b>-</b>
C.1 Transfers to performing non-forborne exposures	X	-
C.2 Transfers to performing forborne exposures	-	X
C.3 Transfers to non-performing forborne exposures	X	-
C.4 Write-offs	-	-
C.5 Collections	2	-
C.6 Sale proceeds	-	-
C.7 Losses from disposal	-	-
C.8 Other reductions	-	-
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	<b>-</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-

Off-balance sheet exposures to customers comprises guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.

## Part E - Information on risks and hedging policies

The total amount of forbore exposures (including those belonging to disposal groups/held for sale) is €19.9 billion (€9.3 billion non performing and €10.6 billion performing). These exposures refer for 58% to the Italian perimeter, while the remaining amount refers for 18% to CEE countries, to Germany for 12% and for the 11% to Austria.

For a description of the rules for identification of forbore exposures refer to paragraph “4. Financial assets subject to commercial renegotiations and forbore exposures”, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit Risk, Qualitative information.

On-balance sheet impaired gross exposures connected to the proposals for recourse to an arrangement with creditors made by the debtor, for the positions that have been converted into a Debt restructuring agreement pursuant to article 182-bis of the Bankruptcy Law or continuity of business, as well as the positions not yet assigned or with liquidatory purposes, amounted to a total of €747 million at 31 December 2021, against which specific impairments have been made for €584 million, with a total coverage level of 78%.

### A.1.7 Regulatory consolidation - On-balance sheet credit exposures with customers: changes in gross non-performing exposures

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
<b>A. Opening balance (gross amount)</b>	<b>7,915</b>	<b>13,676</b>	<b>760</b>
<i>of which sold non-cancelled exposures</i>	464	1,346	7
<b>B. Increases</b>	<b>2,350</b>	<b>5,311</b>	<b>930</b>
B.1 Transfer from performing loans	391	3,757	770
B.2 Transfer from acquired or originated impaired financial assets	-	1	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfer from other non-performing exposures	1,537	209	68
B.4 Contractual changes with no cancellations	-	1	-
B.5 Other increases	422	1,343	92
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Decreases</b>	<b>5,238</b>	<b>6,959</b>	<b>836</b>
C.1 Transfers to performing loans	102	953	182
C.2 Write-offs	1,477	691	3
C.3 Collections	923	2,469	259
C.4 Sale proceeds	495	418	3
C.5 Losses on disposals	18	69	-
C.6 Transfers to other non-performing exposures	72	1,394	348
C.7 Contractual changes with no cancellations	-	4	-
C.8 Other decreases	2,151	961	41
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>5,027</b>	<b>12,028</b>	<b>854</b>
<i>of which sold non-cancelled exposures</i>	105	520	16

Sub-items “B.5 Other increases” and “C.3 Collections” include amounts recovered during the year concerning impaired exposures which were derecognised in their entirety.

## Part E - Information on risks and hedging policies

## A.1.7bis Regulatory consolidation - On-balance sheet exposures with customers: changes by credit quality in gross forborne exposures

(€ million)

SOURCES/QUALITY	CHANGES IN 2021	
	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
<b>A. Opening balance (gross amount)</b>	<b>9,730</b>	<b>5,833</b>
<i>of which sold non-cancelled exposures</i>	1,461	62
<b>B. Increases</b>	<b>4,814</b>	<b>8,511</b>
B.1 Transfers from performing non-forborne exposures	847	6,833
B.2 Transfers from performing forbene exposures	1,045	X
B.3 Transfers from non-performing forbene exposures	X	681
<i>of which: business combinations</i>	X	-
B.4 Other increases	2,922	997
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	<b>5,609</b>	<b>4,722</b>
C.1 Transfers to performing non-forborne exposures	X	1,076
C.2 Transfers to performing forbene exposures	681	X
C.3 Transfers to non-performing forbene exposures	X	1,045
C.4 Write-offs	913	-
C.5 Collections	1,932	1,736
C.6 Sale proceeds	426	-
C.7 Losses from disposal	61	-
C.8 Other reductions	1,596	865
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	<b>8,935</b>	<b>9,622</b>
<i>of which sold non-cancelled exposures</i>	514	397

## Part E - Information on risks and hedging policies

## A.1.8 Regulatory consolidation - On-balance sheet non-performing credit exposures with banks: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES
<b>A. Opening balance (gross amount)</b>	<b>1</b>	-	<b>6</b>	<b>2</b>	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-
<b>B. Increases</b>	<b>4</b>	-	-	-	-	-
B.1 Write-downs of acquired or originated impaired financial assets	-	X	-	X	-	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	-	-	-	-	-	-
B.3 Losses on disposal	-	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	4	-	-	-	-	-
B.5 Contractual changes with no cancellations	-	X	-	X	-	X
B.6 Other increases	-	-	-	-	-	-
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	-	-	<b>6</b>	<b>2</b>	-	-
C.1 Write-backs from valuation	-	-	2	2	-	-
C.2 Write-backs from collections	-	-	-	-	-	-
C.3 Gains from disposals	-	-	-	-	-	-
C.4 Write-offs	-	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	4	-	-	-
C.6 Contractual changes with no cancellations	-	X	-	X	-	X
C.7 Other decreases	-	-	-	-	-	-
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>5</b>	-	-	-	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

## A.1.9 Regulatory consolidation - On-balance sheet non-performing credit exposures with customers: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES
<b>A. Opening balance (gross amount)</b>	<b>6,173</b>	<b>1,559</b>	<b>7,009</b>	<b>4,053</b>	<b>256</b>	<b>16</b>
<i>of which sold non-cancelled exposures</i>	368	199	724	677	2	-
<b>B. Increases</b>	<b>2,247</b>	<b>630</b>	<b>3,055</b>	<b>2,221</b>	<b>315</b>	<b>21</b>
B.1 Write-downs of acquired or originated impaired financial assets	93	X	124	X	5	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	894	309	2,160	1,369	179	8
B.3 Losses on disposal	18	1	69	60	-	-
B.4 Transfers from other categories of non-performing exposures	998	273	101	21	29	6
B.5 Contractual changes with no cancellations	-	X	4	X	-	X
B.6 Other increases	244	47	597	771	102	7
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	<b>4,707</b>	<b>1,281</b>	<b>4,427</b>	<b>2,712</b>	<b>246</b>	<b>18</b>
C.1 Write-backs from valuation	475	159	850	495	22	1
C.2 Write-backs from collections	417	162	508	220	58	3
C.3 Gains from disposals	70	5	38	18	-	-
C.4 Write-offs	1,477	383	691	530	3	-
C.5 Transfers to other categories of non-performing exposures	54	12	941	277	133	11
C.6 Contractual changes with no cancellations	-	X	1	X	-	X
C.7 Other decreases	2,214	560	1,398	1,172	30	3
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>3,713</b>	<b>908</b>	<b>5,637</b>	<b>3,562</b>	<b>325</b>	<b>19</b>
<i>of which sold non-cancelled exposures</i>	51	21	152	146	4	-



## Part E - Information on risks and hedging policies

## A.2 Classification of credit exposure based on internal and external ratings

## A.2.1 Regulatory consolidation - Breakdown of financial assets, loan commitments and financial guarantees given by external rating classes (gross amounts)

(€ million)

EXPOSURES	AMOUNT AS AT 12.31.2021						NO RATING	TOTAL
	EXTERNAL RATING CLASSES							
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
A. Financial assets at amortised cost								
- Stage 1	49,416	35,760	79,034	5,836	2,328	97	312,787	485,258
- Stage 2	664	528	4,665	1,814	790	393	96,843	105,697
- Stage 3	1	-	110	1	202	14	16,047	16,375
- Purchased or Originated Credit-Impaired Financial Assets	-	-	12	-	-	-	33	45
B. Financial assets at fair value through other comprehensive income								
- Stage 1	24,745	10,203	25,945	-	-	-	5,612	66,505
- Stage 2	27	32	67	54	358	-	117	655
- Stage 3	-	-	-	-	-	-	2	2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
C. Financial instruments classified as held for sale								
- Stage 1	-	1	123	5	29	-	6,791	6,949
- Stage 2	-	-	204	217	11	2	5,309	5,743
- Stage 3	-	-	-	-	-	18	1,357	1,375
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (A+B+C)	74,853	46,524	110,160	7,927	3,718	524	444,898	688,604
D. Loan commitments and financial guarantees given								
- Stage 1	3,383	8,437	25,019	5,426	1,755	114	139,686	183,820
- Stage 2	97	601	4,502	3,176	422	205	33,872	42,875
- Stage 3	-	1	42	2	-	-	1,973	2,018
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (D)	3,480	9,039	29,563	8,604	2,177	319	175,531	228,713
Total (A+B+C+D)	78.333	55.563	139.723	16.531	5.895	843	620.429	917.317

The table details on- and off-balance sheet credits granted to counterparties rated by external rating. The rating agencies provide brief assessments of the creditworthiness of different classes of borrowers such as Countries, Banks, Public-Sector Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments); then it provides, for external ratings, 6 classes of creditworthiness.

Rating Agencies utilised to fill the table are: Moody's, S&Ps and Fitch.

Where more than one agency rating is available, the most prudential rating is assigned.

## Part E - Information on risks and hedging policies

Here below the mapping between the external rating classes and the ECAI's rating used.

EXTERNAL RATING CLASSES	ECAI					
	MOODY'S		STANDARD & POOR'S		FITCH	
	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM
1	Aaa Aa3	P-1	AAA AA-	A1+ A1	AAA AA-	F1+ F1
2	A1 A3	P-2	A+ A-	A2	A+ A-	F2
3	Baa1	P-3	BBB+ BBB-	A3	BBB+ BBB-	F3
4	Ba1 Ba3	NP	BB+ BB-	worse than A3	BB+ BB-	worse than F3
5	B1 B3	NP	B+ B-	worse than A3	B+ B-	worse than F3
6	Caa1 or less	NP	CCC+ or less	worse than A3	CCC+ or less	worse than F3

The 92,2% of rated counterparties were investment grade (from Class 1 to Class 3), referring to highly rated borrowers.

Unrated exposures, i.e. those with no external rating, were 67.6% of the portfolio, due to the fact that a considerable proportion of borrowers were private individuals or SMEs, which are not externally rated.

### A.2.2 Regulatory consolidation - Breakdown of financial assets, loan commitments and financial guarantees given by internal rating classes (gross amounts)

(€ million)

EXPOSURES	AMOUNT AS AT 12.31.2021										NO RATING	TOTAL
	INTERNAL RATING CLASSES											
	1	2	3	4	5	6	7	8	9			
A. Financial assets at amortised cost												
- Stage 1	61,325	22,198	130,869	134,692	50,611	36,285	11,804	2,884	280	34,310		485,258
- Stage 2	2,773	2,523	17,189	18,868	18,118	18,856	12,523	8,396	4,220	2,231		105,697
- Stage 3	-	-	-	-	-	1	34	459	2,480	13,401		16,375
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	1	1	3	5	1	21	13		45
B. Financial assets at fair value through other comprehensive income												
- Stage 1	19,287	11,058	29,374	4,761	12	159	-	261	-	1,593		66,505
- Stage 2	-	27	36	69	140	299	2	78	-	4		655
- Stage 3	-	-	-	-	-	-	-	-	-	2		2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-		-
C. Financial instruments classified as held for sale												
- Stage 1	84	364	575	2,586	2,078	736	320	44	3	159		6,949
- Stage 2	37	41	339	1,495	1,258	997	755	548	270	3		5,743
- Stage 3	-	-	-	-	-	-	-	14	60	1,301		1,375
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-		-
Total (A+B+C)	83,506	36,211	178,382	162,472	72,218	57,336	25,443	12,685	7,334	53,017		688,604
D. Loan commitments and financial guarantees given												
- Stage 1	5,205	10,946	42,699	53,513	16,872	10,435	2,556	567	111	40,916		183,820
- Stage 2	1,623	2,360	8,854	12,282	6,013	5,898	2,785	1,564	797	699		42,875
- Stage 3	-	-	-	-	-	-	-	51	416	1,551		2,018
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-		-
Total (D)	6,828	13,306	51,553	65,795	22,885	16,333	5,341	2,182	1,324	43,166		228,713
Total (A+B+C+D)	90,334	49,517	229,935	228,267	95,103	73,669	30,784	14,867	8,658	96,183		917,317

The table contains exposures grouped according to the counterparties' internal rating.

Ratings are assigned to individual counterparties using Group banks' internally-developed models included in their credit risk management processes. The internal models validated by the regulators are either "group-wide" (e.g. for Banks, Multinationals, Countries) or bank-specific, by segment (e.g. retail or corporate).

The various rating scales of these models are mapped onto a single master-scale of 9 classes based on Probability of Default (PD).

72.8% of internally rated exposures were investment grade (classes 1 to 4), while exposures towards unrated counterparties were 10.5% of the total. No rating is assigned to these counterparties as either they belong to a segment not yet covered by the models, or the appropriate model is still in the roll-out phase.

## Part E - Information on risks and hedging policies

Internal Ratings are used for Capital Requirements calculation by the Legal Entities/portfolios that were authorised for the IRB approach from Central bank. Legal Entities currently authorised are: UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG, UniCredit Banka Slovenija dd, UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia, a.s., UniCredit Bank Hungary, UniCredit Bank Romania a.s. and AO UniCredit Bank in Russia. Comparing the last contribute, it is worth mentioning that: (1) in October 2021, UniCredit Leasing GMBH and Subsidiaries have been authorized to revert to the use of the Standardised Approach and to apply the Permanent Partial Use of the Standardised Approach for all AIRB portfolios; (2) from 1 November 2021, UniCredit Bank Ireland plc. was merged in UCI and for exposures coming from UniCredit Bank Ireland the RWA calculation approaches authorized in UCI were adopted.

### A.3 Distribution of secured credit exposures by type of security

#### A.3.1 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 12.31.2021					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	12,453	12,452	51	1	5,882	6,068
of which non-performing	-	-	-	-	-	-
1.2 Partially secured	3,627	3,627	-	-	3,415	1
of which non-performing	-	-	-	-	-	-
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	3,084	3,084	-	-	2,367	81
of which non-performing	-	-	-	-	-	-
2.2 Partially secured	586	584	-	-	-	12
of which non-performing	-	-	-	-	-	-

continued: A.3.1 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

AMOUNT AS AT 12.31.2021										
GUARANTEES (2)										
CREDIT DERIVATIVES						SIGNATURE LOANS (LOANS GUARANTEES)				TOTAL (1)+(2)
	OTHER CREDIT DERIVATIVES					GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES				
CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES						
1. Secured on-balance sheet credit exposures										
1.1 Totally secured	-	-	-	-	-	338	44	5	29	12,418
of which non-performing	-	-	-	-	-	-	-	-	-	-
1.2 Partially secured	-	-	-	-	-	77	-	9	25	3,527
of which non-performing	-	-	-	-	-	-	-	-	-	-
2. Secured off-balance sheet credit exposures										
2.1 Totally secured	-	-	-	-	-	-	181	-	438	3,067
of which non-performing	-	-	-	-	-	-	-	-	-	-
2.2 Partially secured	-	-	-	-	-	15	25	-	6	58
of which non-performing	-	-	-	-	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

## A.3.2 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 12.31.2021					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	219,549	213,024	127,323	9,073	20,753	14,551
of which non-performing	9,252	4,920	2,916	551	13	204
1.2 Partially secured	77,344	75,551	17,022	431	1,486	4,840
of which non-performing	2,379	1,392	250	9	45	56
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	41,653	41,471	5,162	25	9,147	3,412
of which non-performing	595	471	123	-	4	48
2.2 Partially secured	55,169	54,930	1,167	-	523	2,464
of which non-performing	496	319	12	-	22	24

continued: A.3.2 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

(€ million)

AMOUNT AS AT 12.31.2021										
GUARANTEES (2)										TOTAL (1)+(2)
CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)					
OTHER CREDIT DERIVATIVES					GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES					
CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES						
1. Secured on-balance sheet credit exposures										
1.1 Totally secured	-	-	-	-	-	16,455	1,571	2,060	20,067	211,853
of which non-performing	-	-	-	-	-	633	44	32	333	4,726
1.2 Partially secured	-	-	-	16	-	13,396	2,468	412	4,720	44,791
of which non-performing	-	-	-	-	-	393	145	34	24	956
2. Secured off-balance sheet credit exposures										
2.1 Totally secured	-	-	-	-	-	3,135	1,381	2,921	15,858	41,041
of which non-performing	-	-	-	-	-	11	36	30	210	462
2.2 Partially secured	-	-	-	-	-	1,756	604	710	2,400	9,624
of which non-performing	-	-	-	-	-	18	13	1	34	124

## A.4 Regulatory consolidation - Financial and non-financial assets obtained by taking possession of collaterals

(€ million)

	CANCELLED CREDIT EXPOSURE	GROSS AMOUNT	OVERALL WRITE-DOWNS	CARRYING VALUE	
					OF WHICH OBTAINED DURING THE YEAR
<b>A. Property, plant and equipment</b>	<b>31</b>	<b>77</b>	<b>40</b>	<b>37</b>	<b>5</b>
A.1 Used in business	-	1	-	1	-
A.2 Held for investment	18	35	23	12	-
A.3 Inventories	13	41	17	24	5
<b>B. Equity instruments and debt securities</b>	<b>178</b>	<b>129</b>	<b>47</b>	<b>83</b>	<b>1</b>
<b>C. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D. Non-current assets and disposal groups classified as held for sale</b>	<b>1,186</b>	<b>1,039</b>	<b>500</b>	<b>538</b>	<b>21</b>
D.1 Property, plant and equipment	645	559	51	508	21
D.2 Other assets	541	480	449	30	-
<b>Total 12.31.2021</b>	<b>1,395</b>	<b>1,245</b>	<b>587</b>	<b>658</b>	<b>27</b>
<b>Total 12.31.2020</b>	<b>1,596</b>	<b>1,470</b>	<b>151</b>	<b>1,319</b>	<b>95</b>

## Part E - Information on risks and hedging policies

## B. Distribution and concentration of credit exposures

## B.1 Regulatory consolidation - Distribution by segment of on-balance and off-balance sheet credit exposures with customers

(€ million)

EXPOSURES/COUNTERPARTIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES		FINANCIAL COMPANIES		FINANCIAL COMPANIES (OF WHICH INSURANCE COMPANIES)		NON-FINANCIAL COMPANIES		HOUSEHOLDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	2	30	92	233	1	-	893	2,483	327	967
of which: forbore exposures	-	1	66	75	1	-	277	680	108	152
A.2 Unlikely to pay	366	35	501	472	1	-	4,080	4,240	1,444	890
of which: forbore exposures	17	16	352	298	-	-	2,675	2,682	928	566
A.3 Non-performing past-due	41	5	-	-	-	-	109	66	379	254
of which: forbore exposures	-	-	-	-	-	-	12	10	11	9
A.4 Performing exposures	152,989	84	68,612	282	1,401	1	249,655	3,210	127,354	1,759
of which: forbore exposures	12	-	171	13	1	-	6,548	776	1,923	179
<b>Total (A)</b>	<b>153,398</b>	<b>154</b>	<b>69,205</b>	<b>987</b>	<b>1,403</b>	<b>1</b>	<b>254,737</b>	<b>9,999</b>	<b>129,504</b>	<b>3,870</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	35	11	79	78	-	-	1,845	880	60	8
B.2 Performing exposures	19,589	3	52,282	49	2,301	1	246,370	344	17,198	42
<b>Total (B)</b>	<b>19,624</b>	<b>14</b>	<b>52,361</b>	<b>127</b>	<b>2,301</b>	<b>1</b>	<b>248,215</b>	<b>1,224</b>	<b>17,258</b>	<b>50</b>
<b>Total (A+B)</b>										
<b>12.31.2021</b>	<b>173,022</b>	<b>168</b>	<b>121,566</b>	<b>1,114</b>	<b>3,704</b>	<b>2</b>	<b>502,952</b>	<b>11,223</b>	<b>146,762</b>	<b>3,920</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>157,661</b>	<b>172</b>	<b>145,785</b>	<b>1,207</b>	<b>6,070</b>	<b>2</b>	<b>479,989</b>	<b>12,954</b>	<b>140,965</b>	<b>4,735</b>

## B.2 Regulatory consolidation - Distribution of on-balance and off-balance sheet credit exposures with customers by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	632	1,978	657	1,636	7	30	18	49	-	20
A.2 Unlikely to pay	2,985	3,048	2,914	2,422	115	86	12	76	365	5
A.3 Non-performing past-due	374	197	154	128	1	-	-	-	-	-
A.4 Performing exposures	234,952	3,023	324,153	2,231	12,630	33	16,721	44	10,154	4
<b>Total (A)</b>	<b>238,943</b>	<b>8,246</b>	<b>327,878</b>	<b>6,417</b>	<b>12,753</b>	<b>149</b>	<b>16,751</b>	<b>169</b>	<b>10,519</b>	<b>29</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	1,211	300	778	671	13	7	17	-	1	-
B.2 Performing exposures	127,933	103	190,474	323	14,524	9	1,856	3	651	1
<b>Total (B)</b>	<b>129,144</b>	<b>403</b>	<b>191,252</b>	<b>994</b>	<b>14,537</b>	<b>16</b>	<b>1,873</b>	<b>3</b>	<b>652</b>	<b>1</b>
<b>Total (A+B)</b>										
<b>12.31.2021</b>	<b>368,087</b>	<b>8,649</b>	<b>519,130</b>	<b>7,411</b>	<b>27,290</b>	<b>165</b>	<b>18,624</b>	<b>172</b>	<b>11,171</b>	<b>30</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>386,333</b>	<b>11,383</b>	<b>489,479</b>	<b>7,294</b>	<b>26,596</b>	<b>183</b>	<b>16,878</b>	<b>142</b>	<b>5,114</b>	<b>66</b>

## B.3 Regulatory consolidation - Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	-	-	-	-	-	4	-	1	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	87,771	2	100,169	10	7,054	1	7,930	3	1,257	-
<b>Total (A)</b>	<b>87,771</b>	<b>2</b>	<b>100,169</b>	<b>10</b>	<b>7,054</b>	<b>5</b>	<b>7,930</b>	<b>4</b>	<b>1,257</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	1,926	-	14,611	5	1,224	-	6,485	4	1,475	2
<b>Total (B)</b>	<b>1,926</b>	<b>-</b>	<b>14,611</b>	<b>5</b>	<b>1,224</b>	<b>-</b>	<b>6,485</b>	<b>4</b>	<b>1,475</b>	<b>2</b>
<b>Total (A+B)</b>										
<b>12.31.2021</b>	<b>89,697</b>	<b>2</b>	<b>114,780</b>	<b>15</b>	<b>8,278</b>	<b>5</b>	<b>14,415</b>	<b>8</b>	<b>2,732</b>	<b>2</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>81,667</b>	<b>4</b>	<b>152,207</b>	<b>16</b>	<b>7,771</b>	<b>4</b>	<b>11,718</b>	<b>5</b>	<b>2,936</b>	<b>1</b>



## Part E - Information on risks and hedging policies

### B.4 Large exposures

	12.31.2021
a) Amount book value (€ million)	274,240
b) Amount weighted value (€ million)	19,202
c) Number	10

The table refers to large exposures as defined by Regulation (EU) 876/2019 (CRR2).

In compliance with Art.4.1 39 of Regulation (EU) 575/2013 (CRR), in case of exposures towards a group of connected clients formed by a Central Government and other groups of connected clients, such exposure towards the Central Government is reported for each group of connected clients when remitting regulatory reporting; despite the abovementioned regulatory approach, both the amounts shown in letter a), b), and the number in letter c) in the table above disclose only once the exposure towards the Central Government originated following the method used.

It should be noted that deferred tax assets towards Italian Central Government were considered as fully exempted and, as a consequence, the weighted amount reported is null.

### C. Securitisation transactions

#### Qualitative information

In securitisation transactions the Group plays, as the case may be, the role of originator, sponsor or investor.

#### The Group as originator

The Group's origination of traditional transactions consists in the sale of on-balance sheet receivables portfolios to vehicles set up as securitisation companies under Law 130/99 or similar non-Italian legislation.

The transferee company finances the purchase of the receivables portfolios by issuing bonds of varying seniority and transfers its issue proceeds to the Group<sup>58</sup>.

The yield and maturity of the bonds issued by the buyer therefore mainly depend on the cash flow expected from the assets being sold. As a further form of security to bondholders, these transactions may include special types of credit enhancement, e.g., subordinated loans, financial guarantees, standby letters of credit, etc.

The Group's objectives when carrying out these transactions are usually the following:

- to originate securities that can be used to secure refinancing transactions with Banca d'Italia and the ECB (counterbalancing capacity);
- to obtain funding through the placement of securities on the market. This also allows a diversification of the funding sources and of the investors' basis with improvements in reducing the cost of Group's funding;
- to free up economic and regulatory capital by carrying out transactions that reduce capital requirements under current rules by reducing credit risk of the underlying portfolio;
- to reduce the exposures towards non-performing customers;
- to optimise the recoveries of exposures portfolios towards non-performing customers, referring to specific asset classes (e.g. Pillarstone and Sandokan transactions);
- other purposes related for example to corporate re-organization, M&A or divestment's assets where the true sale securitisation is instrumental to the deleveraging and assets transfer.

The Group carries out both traditional securitisations whereby the receivables portfolio is sold to the SPV, as described above, and synthetic securitisations which use financial guarantees to purchase protection over all or part of the underlying credit risk of the portfolio. The latter, on the contrary to traditional securitisations, is not sold to vehicles but remains also legally within the Group. In this case, moreover, the financial guarantees purchased as protection of such loans are also booked on the balance sheet as well as the impacts on the income statement related to them.

Under traditional securitisations generally the Group, in addition to provide in some cases servicing role, retains the first loss in the form of junior bonds or similar exposure and in some cases provides further credit enhancement as described above. This enables the Group to benefit from the portion of the sold receivables' yield in excess of the yield due to the senior and mezzanine tranches.

<sup>58</sup> The legislation also foresees other securitisation structures in which the proceeds deriving from the issue of a single class or classes of securities (or from other alternative forms of funding, such as through the taking of deposits), are used by the vehicle for the granting of a loan to the Originator of the assets; in any case, however, the repayment of the loan is guaranteed by the proceeds of the same assets, which are returned to the vehicle.

## Part E - Information on risks and hedging policies

Retention by the Group of the overall first loss risk and the corresponding yield means that most of the risk and return on the portfolio is retained in these cases. Consequently these transactions are recognised in the accounts as loans and no profits arising out of the transfer of the assets are recognised as well as the sold receivables are not derecognised.

[In the consolidated financial statements, exposure to the variability of the cash flows deriving from maintenance of the excess rewards of the portfolio and of the first loss risk, together with the role of servicer of the underlying assets, determines in general control by the Group over these securitisation vehicles. Therefore they are subject to full consolidation.

Differently, in order to improve the quality of its assets and optimise the capital allocation, the Group also carries out transactions that involve the portfolios' derecognition and the related significant risk transfer, by subscribing a limited portion of securities issued by vehicles of securitisation or keeping a minimum percentage of the portfolio, in compliance with the rules for maintaining a net economic interest in the securitisation transaction according to the current regulatory requirements (Retention Rule).

The Group's main objectives in its securitisation transactions (whether traditional or synthetic) until 2007 were the optimisation of the loan portfolio by freeing up regulatory and economic capital and obtaining fresh liquidity together with greater diversification of its sources of funding. The crisis in the markets experienced since the second half of 2007 made it advisable to use traditional securitisation as a means of increasing counterbalancing capacity, i.e. the availability of assets that can be readily used to create liquidity, by retaining the securities issued by the vehicle within the Group. Moreover traditional securitisations have been used also for corporate re-organisation's or divestment's purposes, for assets deleveraging, for business projects' purposes, for boosting recovery's activity through the recourse to specialised management companies external to the Group and for accelerating the sale of non-performing loans as well.

The assessment process on the realisation of securitisation transactions is carried out within the Parent in close cooperation with the Group originator entities involved and with UniCredit Bank AG, as preferred counterparty, as Arranger and potential Investment Banking. This process requires an economic feasibility study to assess the impact of transactions (according to their nature and aims), on regulatory and economic capital, on risk-adjusted profitability measures, on the level of liquidity and on the Group's asset quality. If this initial phase produces a positive result, a technical and operational feasibility study is carried out to identify the assets to be securitised and define the structure of the transaction. Once technical feasibility has been established, the transaction is realised.

Eventually it should be noted that "self-securitisations" and transactions in warehousing phase are not included in the quantitative tables of this paragraph (C. Securitisation transactions), as required by regulations.

### **Developments of the period**

The Group makes limited use of this type of transactions. The amount of securitised loans<sup>59</sup>, net of the transactions in which the Group has acquired all the liabilities issued by the SPVs (the so-called self-securitisations), accounts for 1.55% of the Group's credit portfolio. Self-securitisations in turn account for 4.67% of the loan portfolio.

During 2021 the Group carried out 6 new transactions, of which 1 traditional and 5 synthetic ones:

- Olympia - traditional (originator UniCredit S.p.A.);
- Bond Italia 8 - Investimenti - synthetic (originator UniCredit S.p.A.);
- Bond Italia 8 - Misto - synthetic (originator UniCredit S.p.A.);
- Puglia Sviluppo 2021 - synthetic (originator UniCredit S.p.A.);
- A.R.T.S. MidCap 2021 - synthetic (originator UniCredit S.p.A.);
- A.R.T.S. Re.Mo. 2021 - synthetic (originator UniCredit S.p.A.).

Details are given in the tables published in the "Annexes", which also describe transactions, traditional and synthetic, carried out in previous financial years.

### **The Group as sponsor**

The Group defines the role of sponsor as that performed by an entity, other than the transferor, which organises and administers a securitisation or asset-backed commercial paper structure in which financial assets are purchased from third parties.

The Group acts as sponsor of asset backed commercial paper vehicles (i.e. commercial paper issuing conduits) set-up in order to allow customers the access to the securitisations' market (multi-seller Customer conduits).

Customer conduits require the formation and management of a bankruptcy-remote company (i.e., one that would be immune from any financial difficulties of the originator) which directly or indirectly buys receivables created by companies outside the Group.

The receivables underlying these transactions are not bought directly by the conduit set up by the Group, but by a purchase company which in turn is wholly funded by the conduit by means of commercial paper or Medium Term Notes (MTN).

<sup>59</sup> It refers to loans sold, also synthetically, but not derecognised from balance sheet.

## Part E - Information on risks and hedging policies

In some circumstances purchase companies fund further SPVs which buy loan portfolio.

The main purpose of these transactions is to give corporate customers access to the securitisation market and thus to lower funding costs than would be borne with direct funding.

The conduits' purchase of assets is financed by short-term commercial paper and medium-term note issues.

Payment of interest and redemption of the securities issued by the conduit therefore depends on cash flow from the receivables purchased (credit risk) and the ability of the conduit to roll over or replace its market funding on maturity (liquidity risk).

To guarantee prompt redemption of the securities issued by the conduit, these transactions are guaranteed by a standby letter of credit covering the risk of default both of specific assets and of the whole programme.

The underwriters of issued securities also benefit from security provided by specific liquidity lines which the conduit may use if it unable to place new commercial paper to repay maturing paper, e.g. during market turmoil.

These liquidity lines may not however be used to guarantee redemption of securities issued by the conduit in the event of default by the underlying assets.

In its role as sponsor, the Group selects the asset portfolios purchased by conduits or purchase companies, provides administration of the assets and both standby letters of credit and liquidity lines and purchases commercial papers issued when required by market conditions.

For these services the Group receives fees and also benefits from the spread between the return on the assets purchased by the SPV and the securities issued.

These circumstances put the Group in the condition of having the power over the assets of the conduits and being at the same time exposed to the variability deriving from such assets. Therefore, the conduits sponsored by the Group have come within the perimeter of consolidation starting from 2007, in application of the conditions provided for in IFRS10 and previously by SIC12.

In addition to the Customer Conduits, purchase companies may also be consolidated if the Group is exposed to the variability of yields deriving from funding provided directly or indirectly, through the conduit, and also has the power to manage the underlying assets.

### ***The Group as investor***

The Group also invests in structured credit products issued by special-purpose entities that are not consolidated pursuant to the accounting rules in force, insofar as such instruments do not bear most of the risk or receive most of the returns associated with the activity carried out by these special-purpose entities.

With regard to these activities, the Group holds within the Global ABS portfolio exposures of securitisations established by third-parties such as RMBS, CMBS, CDO, CBO/CLO and other ABS.

In line with the development of the financial markets and, specifically, the securitisation market, the Global ABS Portfolio was transformed from a separate portfolio in liquidation to strategic investment portfolio for the Group in 2011 and was integrated into the Markets Strategic Portfolio ("MSP"), managed with a view to generating a profit margin and creating an appreciable capital return through long-term investments in fixed-income securities.

The development of client-related operations is also an integral part of MSP activities and includes actions to strengthen the customer base and support securitisations. This portfolio is subject to monitoring and reporting by the business and risk management functions. All activities relating to the MSP are carried out in conformity with established policies and procedures, specifically credit approval procedures.

The analysis of investments in ABS focuses specifically on the following elements:

- structural analysis of all internal and external risks inherent to a similar investment, e.g. Default Risk, Dilution Risk, Residual Value Risk, Servicer Risk, Interest Rate Risk, Liquidity Risk, Commingling Risk, Legal Risk, Adequacy of performance triggers, etc. These risks may differ according to the underlying assets class;
- analysis of the underlying portfolio, including the analysis of all performance indicators significant for each underlying asset class;
- cash flows/quantitative analysis/modelling;
- credit rating and experience of the participants e.g. vendor/servicer - financial soundness, capacity and availability to service assets.

## Part E - Information on risks and hedging policies

### Quantitative information

The tables below do not include information on the so-called "self-securitisations", i.e. securitisation transactions in which the Group has acquired all the liabilities issued by the SPVs, and transactions in warehousing phase.

#### C.1 Regulatory consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

(€ million)

TYPE OF SECURITISED ASSETS/EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS
<b>A. Totally derecognised</b>	<b>1,614</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>21</b>	<b>-</b>
A.1 Residential mortgages	778	-	3	-	-	-
A.2 Loans to SME	364	-	50	-	21	-
A.3 Leasing	472	-	1	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>9</b>	<b>7</b>
B.1 Loans to SME	-	-	9	-	9	7
<b>C. Not-derecognised</b>	<b>4,125</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>861</b>	<b>119</b>
C.1 Residential mortgages	742	-	151	-	565	43
C.2 Loans to SME	3,383	-	92	-	255	76
C.3 Leasing	-	-	-	-	41	-

Possible write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2021 only.

#### continued C.1 Regulatory consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
A.3 Leasing	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-
C.3 Leasing	-	-	-	-	-	-

#### continued C.1 Regulatory consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset

TYPE OF SECURITISED ASSETS/EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
A.3 Leasing	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-
C.3 Leasing	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

With reference to transactions with own underlying assets it should be noted that the decrease in balance-sheet net exposures relating to transactions not derecognised and partially derecognised to €1,205 million as at December 2021 from €1,480 million as at December 2020 was due to the termination of the securitisation Heliconus and to the natural development of the other transactions.

Moreover, the increase in balance-sheet net exposures concerning synthetic transactions from €2,516 million in December 2020 to €4,041 million in December 2021 was due to five new transactions called Bond Italia 8 - Investimenti, Bond Italia 8 - Misto, Puglia Sviluppo 2021, A.R.T.S. MidCap 2021 and A.R.T.S. Re.Mo. 2021 and to the natural development of the other transactions.

Finally, it should be noted that:

- the net balance-sheet exposure totally derecognised refers to the securitisations of FINO Project, to the traditional securitisations Prisma, Relais 2020 and to the new traditional securitisation Olympia, for which see the information provided in the tables published in the "Annexes";
- the net balance-sheet exposure partially derecognised refers to the transaction Pillarstone Italy - Premuda.

### C.2 Regulatory consolidation - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

(€ million)

TYPE OF SECURITISED ASSETS/EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS
A.1 Residential mortgages	1,427	-	20	-	-	-
A.2 Commercial mortgages	25	-	27	-	-	-
A.3 Loans to SME <sup>(*)</sup>	3,393	-	4	-	29	-
A.4 Leasing	12	-	-	-	-	-
A.5 Consumer loans	3,740	-	-	-	-	-
A.6 Other retail exposures	354	-	-	-	2	-
A.7 Trade receivables <sup>(*)</sup>	2,414	-	-	-	2	-

Note:

(\*) Included exposures of subsidiaries subject to consolidation, but not belonging to the banking group.

Possible write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2021 only.

### continued C.2 Regulatory consolidation - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Commercial mortgages	-	-	-	-	-	-
A.3 Loans to SME <sup>(*)</sup>	-	-	-	-	-	-
A.4 Leasing	-	-	-	-	-	-
A.5 Consumer loans	-	-	-	-	-	-
A.6 Other retail exposures	-	-	-	-	-	-
A.7 Trade receivables <sup>(*)</sup>	-	-	-	-	-	-



## Part E - Information on risks and hedging policies

continued C.2 Regulatory consolidation - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Commercial mortgages	-	-	-	-	-	-
A.3 Loans to SME <sup>(*)</sup>	367	-	-	-	-	-
A.4 Leasing	1,181	-	-	-	-	-
A.5 Consumer loans	185	-	-	-	-	-
A.6 Other retail exposures	-	-	-	-	-	-
A.7 Trade receivables <sup>(*)</sup>	2,210	-	38	-	-	-

The transactions with third-party underlying assets are those in which the Group acts as sponsor, lender or investor.

With reference to transactions in which the Group acts as sponsor, the total amount of net exposure is equal to €5,505 million (€6,070 million as at 31 December 2020), broken down into asset backed commercial paper for €1,936 million and undrawn credit lines for €3,569 million.

It should be noted that the lines of credit shown are the difference between total credit lines granted and the amount of commercial paper underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

With reference to transactions in which the Group acts as investor, refer to the subsequent tables 'Exposures toward other consolidated SPVs' and "C.4 Regulatory consolidation - Special Purpose Vehicles for securitisation not subject to consolidation" that shows the exposure of the Group toward these SPVs.

With reference to sponsor exposures the following table provides information about exposures held toward consolidated conduits in which the Group acts as sponsor.

## Part E - Information on risks and hedging policies

## Exposures sponsored by the Group

(€ million)

AMOUNTS AS AT 12.31.2021	
<b>Asset Backed Commercial Paper</b>	<b>1,936</b>
- Arabella Finance DAC	1,936
- Elektra Purchase No. 28 DAC	-
- Elektra Purchase No. 31 DAC	-
- Elektra Purchase No. 32 S.A. - Compartment 1	-
- Elektra Purchase No. 33 DAC	-
- Elektra Purchase No. 36 DAC	-
- Elektra Purchase No. 37 DAC	-
- Elektra Purchase No. 38 DAC	-
- Elektra Purchase No. 43 DAC	-
- Elektra Purchase No. 46 DAC	-
- Elektra Purchase No. 54 DAC	-
- Elektra Purchase No. 56 DAC	-
- Elektra Purchase No. 57 DAC	-
- Elektra Purchase No. 64 DAC	-
- Elektra Purchase No. 69 DAC	-
- Elektra Purchase No. 71 DAC	-
- Elektra Purchase No. 74 DAC	-
- Elektra Purchase No. 911 Ltd	-
<b>Credit facilities</b>	<b>3,569</b>
- Arabella Finance DAC	-
- Elektra Purchase No. 28 DAC	183
- Elektra Purchase No. 31 DAC	90
- Elektra Purchase No. 32 S.A. - Compartment 1	306
- Elektra Purchase No. 33 DAC	270
- Elektra Purchase No. 36 DAC	510
- Elektra Purchase No. 37 DAC	116
- Elektra Purchase No. 38 DAC	181
- Elektra Purchase No. 43 DAC	255
- Elektra Purchase No. 46 DAC	92
- Elektra Purchase No. 54 DAC	46
- Elektra Purchase No. 56 DAC	540
- Elektra Purchase No. 57 DAC	148
- Elektra Purchase No. 64 DAC	102
- Elektra Purchase No. 69 DAC	46
- Elektra Purchase No. 71 DAC	117
- Elektra Purchase No. 74 DAC	286
- Elektra Purchase No. 911 Ltd	281

The lines of credit shown are the difference between total credit lines granted and the amount of commercial paper underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

Moreover, it should be noted that as at 31 December 2021 there were 4 SPVs of third parties securitisations, Ice Creek Pool No.1 DAC, Ice Creek Pool No.2 DAC, Ice Creek Pool No.3 DAC and Ice Creek Pool No.5 DAC where the Group acts as lender or investor, and subject to consolidation. Exposures to these vehicles amount to €701 million of cash exposures and €391 million of credit lines.

## Part E - Information on risks and hedging policies

## C.3 SPVs for securitisations

(€ million)

NAME OF SECURITISATION/NAME OF VEHICLE	COUNTRY OF INCORPORATION	CONSOLIDATION	ASSETS			LIABILITIES		
			LOANS AND RECEIVABLES	DEBT SECURITIES	OTHERS	SENIOR	MEZZANINE	JUNIOR
Arabella Finance DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	4,838	-	14	4,848	-	-
Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Piazzetta Monte 1 - 37121 Verona	Y	398	-	49	270	74	67
Corfusio RMBS - UCFin S.r.l.	Piazzetta Monte 1 - 37121 Verona	Y	261	-	21	69	148	13
Corfusio RMBS Securitisation S.r.l.	Piazzetta Monte 1 - 37121 Verona	Y	448	-	17	177	236	2
Elektra Purchase No. 28 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	179	-	-	179	-	-
Elektra Purchase No. 31 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	-	-	-	-	-	-
Elektra Purchase No. 32 S.A. - Compartiment 1	52-54 avenue du X Septembre, L-2550 Luxembourg	Y	229	-	-	229	-	-
Elektra Purchase No. 33 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	165	-	-	165	-	-
Elektra Purchase No. 36 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	550	-	-	550	-	-
Elektra Purchase No. 37 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	112	-	-	112	-	-
Elektra Purchase No. 38 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	167	-	-	167	-	-
Elektra Purchase No. 43 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	231	-	-	231	-	-
Elektra Purchase No. 46 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	78	-	-	78	-	-
Elektra Purchase No. 54 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32 Dublin	Y	45	-	-	45	-	-
Elektra Purchase No. 56 DAC	1-2 Victoria Buildings, 4 Dublin	Y	516	-	-	516	-	-
Elektra Purchase No. 57 DAC	1-2 Victoria Buildings, 4 Dublin	Y	133	-	12	145	-	-
Elektra Purchase No. 64 DAC	Haddington Road, 1-2 Victoria Buildings, 4, Dublin	Y	100	-	-	100	-	-
Elektra Purchase No. 69 DAC	Haddington Road, 1-2 Victoria Buildings, 4, Dublin	Y	33	-	-	33	-	-
Elektra Purchase No. 71 DAC	Haddington Road, 1-2 Victoria Buildings, D04XN32, Dublin	Y	104	-	-	104	-	-
Elektra Purchase No. 74 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	Y	230	-	-	230	-	-
Elektra Purchase No. 911 Ltd	OGIER HOUSE, THE ESPLANADE, ST. HEIJER, JE4 9WG - Jersey	Y	249	-	-	249	-	-
F-E Mortgages S.r.l. - 2003	Piazzetta Monte 1 - 37121 Verona	Y	65	-	14	12	29	8
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Y	115	-	13	30	37	32
Ice Creek Pool No. 1 DAC	1st Fl., 1-2 Victoria Buildings, Haddington Road, D04 XN32, Dublin	Y	217	-	-	217	-	-
Ice Creek Pool No. 2 DAC	1-2 Victoria Buildings, Haddington Road, 4, Dublin	Y	-	-	-	-	-	-
Ice Creek Pool No. 3 DAC	Haddington Road, 1-2 Victoria Buildings, D04XN32, Dublin	Y	208	-	-	208	-	-
Ice Creek Pool No. 5 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	276	-	-	276	-	-
SUCCESS 2015 B.V.	Barbara Strozzi 101, 1083HN Amsterdam	Y	43	-	-	-	-	37
ARCOBALENO FINANCE SRL	FORO BUONAPARTE, 70 20121 MILANO	N	38	-	2	-	-	48
CREDIARC SPV SRL	FORO BUONAPARTE, 70 20121 MILANO	N	13	-	2	5	-	26
Elektra Purchase No. 25 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	50	-	-	50	-	-
Elektra Purchase No. 29 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	329	-	-	329	-	-
Elektra Purchase No. 41 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	61	-	-	61	-	-
Elektra Purchase No. 45 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	137	-	-	137	-	-
Elektra Purchase No. 60 DAC	1-2 Victoria Buildings, D04, Dublin	N	131	-	-	131	-	-
Elektra Purchase No. 61 DAC	Haddington Road, 1-2 Victoria Buildings, D04, Dublin	N	28	-	-	28	-	-
Elektra Purchase No. 62 DAC	1-2 Victoria Buildings, Dublin 4, Dublin	N	380	-	-	380	-	-
Elektra Purchase No. 65 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	N	22	-	-	22	-	-
Elektra Purchase No. 66 DAC	Haddington Road, 1-2 Victoria Buildings, D04XN32, Dublin	N	38	-	-	38	-	-
Elektra Purchase No. 67 DAC	Haddington Road, 1-2 Victoria Buildings, D04XN32, Dublin	N	9	-	-	9	-	-
Elektra Purchase No. 68 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin 4	N	27	-	-	27	-	-
Elektra Purchase No. 70 DAC	Haddington Road, 1-2 Victoria Buildings, 4, Dublin	N	45	-	-	45	-	-
Elektra Purchase No. 72 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	N	27	-	-	27	-	-
Elektra Purchase No. 73 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	N	129	-	-	129	-	-
Elektra Purchase No. 75 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	N	92	-	-	92	-	-
Elektra Purchase No. 8 Limited	OGIER HOUSE, THE ESPLANADE, ST. HEIJER, JE4 9WG - Jersey	N	130	-	-	130	-	-
Elektra Purchase No. 17 S.A. (Re Compartiment 18)	52-54 avenue du X Septembre, L-2550 Luxembourg	N	34	-	-	34	-	-
Elektra Purchase No. 17 S.A. RE COMPARTIMENT 14	52-54 avenue du X Septembre, L-2550 Luxembourg	N	24	-	-	24	-	-
FCT GK	Ref FCT GK Immeubles Les, F-93500 Pantin	N	50	-	-	50	-	-
FINO 1 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	277	-	68	141	70	50
FINO 2 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	155	-	306	212	201	40
OLYMPIA SPV S.R.L.	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	287	-	44	261	26	3
ONIF FINANCE SRL	VIA ALESSANDRO PESTALOZZA 12/14, 20131 MILANO	N	201	-	26	-	68	115
PILOT 2017-A LLC	1209 Orange Street, 19801 Wilmington	N	226	-	1	226	-	-
PRISMA SPV S.R.L.	VIA MARIO CARUCCI 131, Roma	N	653	-	332	824	80	30
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	N	73	-	31	2	182	89
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	N	50	-	-	1	51	106
RELAIS 2020	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	610	-	5	428	91	10
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	N	165	-	-	107	90	9
YANEZ SPV S.R.L. - SANDOKAN	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	242	-	883	-	234	890
YANEZ SPV S.R.L. - SANDOKAN 2	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	270	-	646	-	118	798

## Part E - Information on risks and hedging policies

### C.4 Regulatory consolidation - Special Purpose Vehicles for securitisation not subject to consolidation

As mentioned before in the context of securitisation transactions the Group may operate as investor, sponsor and originator.

The following table provides indication on assets and liabilities recognised in the balance sheet as well as off-balance exposures of the Group toward non-consolidated securitisation vehicles and broken down by role of the Group. The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off-balance sheet positions, irrevocable credit lines and financial guarantees, held toward these vehicles and reported in column "difference between maximum exposure to loss and accounting value".

#### Exposures to Securitisation SPVs not subject to consolidation

AMOUNTS AS AT 12.31.2021							(€ 'million)
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
<b>ABS Issuing vehicles (Investor)</b>		<b>8,623</b>		<b>104</b>	<b>8,519</b>	<b>8,579</b>	<b>60</b>
	HFT	32	Deposits	104			
	DFV	-	Securities	-			
	MFV	1,926	HFT	-			
	FVOCI	46	DFV	-			
	AC	6,619		-			
<b>Commercial Paper Conduits (Sponsor)</b>		<b>192</b>		<b>3</b>	<b>189</b>	<b>2,087</b>	<b>1,898</b>
	HFT	1	Deposits	3			
	DFV	-	Securities	-			
	MFV	1	HFT	-			
	FVOCI	-	DFV	-			
	AC	190		-			
<b>Own securitisations (Originator)</b>		<b>1,666</b>		<b>378</b>	<b>1,288</b>	<b>1,288</b>	<b>-</b>
	HFT	-	Deposits	378			
	DFV	-	Securities	-			
	MFV	62	HFT	-			
	FVOCI	1,502	DFV	-			
	AC	102		-			
<b>Total</b>		<b>10,481</b>		<b>485</b>	<b>9,996</b>	<b>11,954</b>	<b>1,958</b>

#### Notes:

HFT = Financial assets held for trading  
 DFV = Financial assets designated at fair value  
 MFV = Financial assets mandatorily at fair value  
 FVOCI = Financial assets at fair value through other comprehensive income  
 AC = Financial assets at amortised cost

Deposits = Deposits from Customers  
 Securities = Debt securities in issue  
 HFT = Financial liabilities held for trading  
 DFV = Financial liabilities designated at fair value

Exposures toward ABS Issuing vehicles are constituted for the most part, €8,760 million, by exposures in Asset Backed Securities. The remaining part is constituted by loans.

Exposures toward Commercial Paper Conduit comprise credit line provided to the purchase companies that acquire the receivables from the originators external to the Group. These credit lines are granted by credit enhancements (deferred purchase price and credit insurance) so that the Group does not bear the variability of the underlying portfolio.

Exposures toward own securitisation comprise securities and off-balance sheet exposure toward SPV that are not consolidated as the conditions required by IFRS10 are not fulfilled. Absent the conditions requested by IFRS9 the securitised loans have not been derecognised from the balance sheet of the originator. For further information on these securitisations refer to the tables published in the "Annexes".

During the period the Group has not provided financial support to any non-consolidated securitisation vehicle in absence of contractual obligation to do so. The Group has not the current intention to provide such support. The Group does not act as sponsor of securitisation vehicles in which it has not exposures at the end of the reporting period.

## Part E - Information on risks and hedging policies

## C.5 Regulatory consolidation - Servicer activities - Collections of securitised loans and redemptions of securities issued by the securitisation's vehicle

(€ million)

SERVICER	SPECIAL PURPOSE VEHICLE	SECURITISED ASSETS (YEAR END FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
		IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	SENIOR		MEZZANINE		JUNIOR	
						IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit Leasing (Austria) GmbH	SUCCESS 2015 B.V.	4	39	1	55	-	100.00%	-	-	-	60.94%
UniCredit S.p.A.	Capital Mortgage S.r.l.	14	384	3	79	-	88.65%	-	-	-	-
	Cordusio RMBS Securitisation S.r.l. - SERIE 2007	15	433	5	113	-	95.17%	-	-	-	-
	Cordusio RMBS UCFin S.r.l.	10	251	3	64	-	97.03%	-	-	-	-
	F-E Mortgage S.r.l. - SERIE 2003	4	61	2	13	-	100.00%	-	51.48%	-	-
	F-E Mortgage S.r.l. - SERIE 2005	6	109	2	19	-	96.89%	-	10.31%	-	10.31%



## Part E - Information on risks and hedging policies

## C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2021		
	Arabella Finance DAC	Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Cordusio RMBS - UCFin S.r.l
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Piazzetta Monte 1 - 37121 Verona	Piazzetta Monte 1 - 37121 Verona
<b>A. Securitised assets</b>	<b>4,835</b>	<b>398</b>	<b>261</b>
A.1 Loans	4,835	398	261
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>36</b>	<b>18</b>
C.1 Loans (including bank current account)	-	36	18
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>14</b>	<b>13</b>	<b>2</b>
D.1 Derivatives	14	-	-
D.2 Other assets	-	13	2
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>4,851</b>	<b>447</b>	<b>281</b>
<b>E. Bond issued</b>	<b>4,848</b>	<b>370</b>	<b>230</b>
E.1 Senior	4,848	270	69
E.2 Mezzanine	-	74	148
E.3 Junior	-	25	13
<b>F. Loans received</b>	<b>-</b>	<b>42</b>	<b>-</b>
F.1 Senior	-	-	-
F.2 Mezzanine	-	-	-
F.3 Junior	-	42	-
<b>G. Other liabilities</b>	<b>3</b>	<b>36</b>	<b>51</b>
G.1 Derivatives	-	-	1
G.2 Due to originator	-	35	48
G.3 Other liabilities	3	-	2
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>4,851</b>	<b>447</b>	<b>281</b>
<b>H. Interest expense</b>	<b>-4</b>	<b>2</b>	<b>2</b>
H.1 Interest expense on bond issued	-4	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	-	2	1
<b>I. Commissions and fees related to the transaction</b>	<b>26</b>	<b>1</b>	<b>3</b>
I.1 for servicing	26	1	3
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>3</b>	<b>3</b>	<b>1</b>
J.1 Additional positive returns for exposure junior	-	2	-
J.2 Other costs	3	1	1
<b>TOTAL COSTS (H+I+J)</b>	<b>25</b>	<b>5</b>	<b>6</b>
<b>K. Interest generated by securitised assets</b>	<b>-11</b>	<b>5</b>	<b>4</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>37</b>	<b>-</b>	<b>1</b>
M.1 Additional returns for exposure junior	-	-	1
M.2 Other revenues	37	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>26</b>	<b>5</b>	<b>6</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>1</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2021		
	Cordusio RMBS Securitisation S.r.l.	Elektra Purchase No. 28 DAC	Elektra Purchase No. 31 DAC
COUNTRY OF INCORPORATION	Piazzetta Monte 1 - 37121 Verona	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
<b>A. Securitised assets</b>	<b>448</b>	<b>179</b>	<b>-</b>
A.1 Loans	448	179	-
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>10</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	10	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>8</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	8	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>466</b>	<b>179</b>	<b>-</b>
<b>E. Bond issued</b>	<b>416</b>	<b>-</b>	<b>-</b>
E.1 Senior	177	-	-
E.2 Mezzanine	236	-	-
E.3 Junior	2	-	-
<b>F. Loans received</b>	<b>-</b>	<b>179</b>	<b>-</b>
F.1 Senior	-	179	-
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>50</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	2	-	-
G.2 Due to originator	18	-	-
G.3 Other liabilities	30	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>466</b>	<b>179</b>	<b>-</b>
<b>H. Interest expense</b>	<b>2</b>	<b>-</b>	<b>-</b>
H.1 Interest expense on bond issued	1	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	2	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>4</b>	<b>-</b>	<b>1</b>
I.1 for servicing	3	-	1
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>7</b>	<b>-</b>	<b>1</b>
<b>K. Interest generated by securitised assets</b>	<b>6</b>	<b>-</b>	<b>1</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>1</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	1	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>7</b>	<b>-</b>	<b>1</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2021		
	Elektra Purchase No. 32 S.A. - Compartment 1	Elektra Purchase No. 33 DAC	Elektra Purchase No. 36 DAC
COUNTRY OF INCORPORATION	52-54 avenue du X Septembre, L-2550 Luxembourg	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
<b>A. Securitised assets</b>	<b>229</b>	<b>165</b>	<b>550</b>
A.1 Loans	229	165	550
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>229</b>	<b>165</b>	<b>550</b>
<b>E. Bond issued</b>	<b>-</b>	<b>-</b>	<b>-</b>
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>229</b>	<b>165</b>	<b>550</b>
F.1 Senior	229	165	550
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>229</b>	<b>165</b>	<b>550</b>
<b>H. Interest expense</b>	<b>-1</b>	<b>1</b>	<b>-2</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-1	1	-2
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	<b>3</b>	<b>2</b>
I.1 for servicing	1	3	2
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>K. Interest generated by securitised assets</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2021		
	Elektra Purchase No. 37 DAC	Elektra Purchase No. 38 DAC	Elektra Purchase No. 43 DAC
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
<b>A. Securitised assets</b>	<b>112</b>	<b>167</b>	<b>231</b>
A.1 Loans	112	167	231
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>112</b>	<b>167</b>	<b>231</b>
<b>E. Bond issued</b>	<b>-</b>	<b>-</b>	<b>-</b>
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>112</b>	<b>167</b>	<b>231</b>
F.1 Senior	112	167	231
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>112</b>	<b>167</b>	<b>231</b>
<b>H. Interest expense</b>	<b>-</b>	<b>-</b>	<b>-1</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	-1
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	<b>1</b>	<b>1</b>
I.1 for servicing	1	1	1
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2021		
	Elektra Purchase No. 46 DAC	Elektra Purchase No. 54 DAC	Elektra Purchase No. 56 DAC
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Haddington Road, 1-2 Victoria Buildings, D04 XN32 Dublin	1-2 Victoria Buildings, 4 Dublin
<b>A. Securitised assets</b>	<b>77</b>	<b>45</b>	<b>516</b>
A.1 Loans	77	45	516
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>78</b>	<b>45</b>	<b>516</b>
<b>E. Bond issued</b>	<b>-</b>	<b>-</b>	<b>-</b>
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>78</b>	<b>45</b>	<b>516</b>
F.1 Senior	78	45	516
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>78</b>	<b>45</b>	<b>516</b>
<b>H. Interest expense</b>	<b>-</b>	<b>-</b>	<b>3</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	3
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>-</b>	<b>1</b>	<b>2</b>
I.1 for servicing	-	1	2
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>	<b>1</b>	<b>5</b>
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>1</b>	<b>5</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>	<b>1</b>	<b>5</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2021		
	Elektra Purchase No. 57 DAC	Elektra Purchase No. 64 DAC	Elektra Purchase No. 69 DAC
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, 4 Dublin	Haddington Road; 1-2 Victoria Building; 4; Dublin	Haddington Road; 1-2 Victoria Buildings; 4; Dublin
<b>A. Securitised assets</b>	<b>133</b>	<b>100</b>	<b>33</b>
A.1 Loans	133	100	33
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>12</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	12	-	-
D.2 Other assets	0	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>145</b>	<b>100</b>	<b>33</b>
<b>E. Bond issued</b>	<b>-</b>	<b>-</b>	<b>-</b>
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>145</b>	<b>100</b>	<b>33</b>
F.1 Senior	145	100	33
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>145</b>	<b>100</b>	<b>33</b>
<b>H. Interest expense</b>	<b>-1</b>	<b>-1</b>	<b>-</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-1	-1	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>-</b>	<b>1</b>	<b>-</b>
I.1 for servicing	-	1	-
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>-1</b>	<b>1</b>	<b>-</b>
<b>K. Interest generated by securitised assets</b>	<b>-1</b>	<b>1</b>	<b>-</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>-1</b>	<b>1</b>	<b>-</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2021		
	Elektra Purchase No. 71 DAC	Elektra Purchase No. 74 DAC	Elektra Purchase No. 911 Ltd
COUNTRY OF INCORPORATION	Haddington Road; 1-2 Victoria Buildings; D04XN32; Dublin	Haddington Road; 1-2 Victoria Buildings; D04 XN32; Dublin	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey
<b>A. Securitised assets</b>	<b>104</b>	<b>229</b>	<b>249</b>
A.1 Loans	104	229	249
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>104</b>	<b>230</b>	<b>249</b>
<b>E. Bond issued</b>	<b>-</b>	<b>-</b>	<b>-</b>
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>104</b>	<b>230</b>	<b>249</b>
F.1 Senior	104	230	249
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>104</b>	<b>230</b>	<b>249</b>
<b>H. Interest expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	<b>1</b>	<b>1</b>
I.1 for servicing	1	1	1
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE  COUNTRY OF INCORPORATION	12.31.2021		
	F-E Mortgages S.r.l. - 2003  Piazzetta Monte 1 - 37121 Verona	F-E Mortgages S.r.l. - 2005  Piazzetta Monte 1 - 37121 Verona	Ice Creek Pool No. 1 DAC  1st Fl., 1-2 Victoria Building; Haddington Road; D04 XN32; Dublin
<b>A. Securitised assets</b>	<b>64</b>	<b>115</b>	<b>217</b>
A.1 Loans	64	115	217
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>14</b>	<b>13</b>	<b>-</b>
C.1 Loans (including bank current account)	14	13	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>78</b>	<b>128</b>	<b>217</b>
<b>E. Bond issued</b>	<b>37</b>	<b>99</b>	<b>-</b>
E.1 Senior	-	30	-
E.2 Mezzanine	29	37	-
E.3 Junior	8	32	-
<b>F. Loans received</b>	<b>11</b>	<b>-</b>	<b>217</b>
F.1 Senior	11	-	217
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>30</b>	<b>29</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	28	25	-
G.3 Other liabilities	3	4	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>78</b>	<b>128</b>	<b>217</b>
<b>H. Interest expense</b>	<b>-</b>	<b>1</b>	<b>-</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>-</b>	<b>-</b>	<b>2</b>
I.1 for servicing	-	-	2
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>2</b>	<b>1</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	2	1	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>1</b>	<b>1</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	1	1	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE COUNTRY OF INCORPORATION	12.31.2021		
	Ice Creek Pool No. 2 DAC 1-2 Victoria Buildings; Haddington Road; 4; Dublin	Ice Creek Pool No. 3 DAC Haddington Road; 1-2 Victoria Buildings; D04XN32; Dublin	Ice Creek Pool No. 5 DAC 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
<b>A. Securitised assets</b>	-	208	276
A.1 Loans	-	208	276
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	-	-	-
<b>C. Use of liquid assets resulting from loan operations</b>	-	-	-
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	-	-	-
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	-	208	276
<b>E. Bond issued</b>	-	-	-
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	-	208	276
F.1 Senior	-	208	276
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	-	-	-
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	-	208	276
<b>H. Interest expense</b>	2	-	1
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	2	-	1
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	3	-	1
I.1 for servicing	3	-	1
I.2 for other services	-	-	-
<b>J. Other charges</b>	-	-	-
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	5	-	2
<b>K. Interest generated by securitised assets</b>	4	-	2
<b>L. Interest income on derivatives</b>	-	-	-
<b>M. Other revenues</b>	1	-	-
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	1	-	-
<b>TOTAL REVENUES (K+L+M)</b>	5	-	2
<b>PROFIT (LOSS) FOR THE PERIOD</b>	-	-	-

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE COUNTRY OF INCORPORATION	12.31.2021
	SUCCESS 2015 B.V. Barbara Strozzi laan 101, 1083HN Amsterdam
<b>A. Securitised assets</b>	<b>43</b>
A.1 Loans	43
A.2 Bonds	-
<b>B. Loans disbursed</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>
C.1 Loans (including bank current account)	-
C.2 Bonds	-
<b>D. Other assets</b>	<b>-</b>
D.1 Derivatives	-
D.2 Other assets	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>43</b>
<b>E. Bond issued</b>	<b>37</b>
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	37
<b>F. Loans received</b>	<b>-</b>
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
<b>G. Other liabilities</b>	<b>6</b>
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	6
G.4 Own funds	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>43</b>
<b>H. Interest expense</b>	<b>1</b>
H.1 Interest expense on bond issued	1
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
<b>I. Commissions and fees related to the transaction</b>	<b>-</b>
I.1 for servicing	-
I.2 for other services	-
<b>J. Other charges</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>
<b>K. Interest generated by securitised assets</b>	<b>1</b>
<b>L. Interest income on derivatives</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>



## Part E - Information on risks and hedging policies

## D. Sales transactions

## A. Financial assets sold and not fully derecognised

## Quantitative information

Any exposures that at the reference date are booked under item "120. Non-current assets and disposal groups classified as held for sale", in the tables below are shown in correspondence of the original accounting portfolio.

## D.1 Regulatory consolidation - Financial assets sold and fully recognised and associated financial liabilities: book value

(€ million)

	FINANCIAL ASSETS SOLD AND FULLY RECOGNISED				ASSOCIATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION	OF WHICH NON- PERFORMING	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION
<b>A. Financial assets held for trading</b>	4,143	-	4,143	X	3,522	-	3,522
1. Debt securities	4,143	-	4,143	X	3,522	-	3,522
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivative instruments	-	-	-	X	-	-	-
<b>B. Other financial assets mandatorily at fair value</b>	480	318	162	7	161	-	161
1. Debt securities	473	311	162	-	161	-	161
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	7	7	-	7	-	-	-
<b>C. Financial assets designated at fair value</b>	184	-	184	-	191	-	191
1. Debt securities	184	-	184	-	191	-	191
2. Loans	-	-	-	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	14,792	-	14,792	-	12,559	-	12,559
1. Debt securities	14,792	-	14,792	-	12,559	-	12,559
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>E. Financial assets at amortised cost</b>	42,615	27,322	15,288	646	11,605	662	10,943
1. Debt securities	24,916	9,629	15,288	-	10,943	-	10,943
2. Loans	17,699	17,693	-	646	662	662	-
<b>Total 12.31.2021</b>	<b>62,214</b>	<b>27,640</b>	<b>34,569</b>	<b>653</b>	<b>28,038</b>	<b>662</b>	<b>27,376</b>
<b>Total 12.31.2020</b>	<b>69,389</b>	<b>27,934</b>	<b>41,157</b>	<b>783</b>	<b>33,039</b>	<b>907</b>	<b>32,132</b>

## D.2 Regulatory consolidation - Financial assets sold and partially recognised and associated financial liabilities: book value

(€ million)

	ORIGINAL GROSS VALUE OF ASSETS BEFORE SALE	BOOK VALUE OF ASSETS STILL PARTIALLY	OF WHICH NON- PERFORMING	BOOK VALUE OF ASSOCIATED FINANCIAL LIABILITIES
<b>A. Financial assets held for trading</b>	-	-	X	-
1. Debt securities	-	-	X	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	X	-
4. Derivative instruments	-	-	X	-
<b>B. Other financial assets mandatory at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
<b>E. Financial assets at amortised cost</b>	60	14	14	3
1. Debt securities	-	-	-	-
2. Loans	60	14	14	3
<b>Total 12.31.2021</b>	<b>60</b>	<b>14</b>	<b>14</b>	<b>3</b>
<b>Total 12.31.2020</b>	<b>60</b>	<b>11</b>	<b>11</b>	<b>9</b>

## Part E - Information on risks and hedging policies

## D.3 Regulatory consolidation - Sale transactions relating to financial liabilities with repayment exclusively based on assets sold and not fully derecognised: fair value

(€ million)

	FULLY RECOGNISED	PARTIALLY RECOGNISED	TOTAL	
			12.31.2021	12.31.2020
<b>A. Financial assets held for trading</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
4. Derivative instruments	-	-	-	-
<b>B. Other financial assets mandatorily at fair value</b>	318	-	318	327
1. Debt securities	311	-	311	311
2. Equity instruments	-	-	-	-
3. Loans	7	-	7	16
<b>C. Financial assets designated at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
<b>E. Financial assets at amortised cost (fair value)</b>	27,603	14	27,617	18,291
1. Debt securities	9,638	-	9,638	-
2. Loans	17,965	14	17,979	18,291
<b>Total associated financial assets</b>	27,921	14	27,935	18,618
<b>Total associated financial liabilities</b>	576	3	X	X
<b>Total net amount 12.31.2021</b>	27,345	11	27,356	X
<b>Total net amount 12.31.2020</b>	17,683	19	X	17,702

## Part E - Information on risks and hedging policies

### B. Financial assets sold and fully derecognised with recognition of continuous involvement

#### Qualitative and quantitative information

At the end of the year there were no disposals of financial assets that had been fully derecognised, which required the recognition of continuing involvement.

### C. Financial assets sold and fully derecognised

#### Quantitative information

As at 31 December 2021, UniCredit group holds asset-backed securities and units in investment funds acquired following the sale of financial assets fully derecognised, carried out in 2021 and in previous years.

These transactions involved the sale of financial assets, mainly consisting of loans classified as "unlikely to pay", by the originator companies of the Group to securitisation vehicles or investment funds and their derecognition from the financial statements pursuant to IFRS9, following the assessment that the originator itself has substantially transferred the risks and benefits of the assets sold and at the same time has not maintained any control over the same assets.

Instead of these derecognised assets, the asset-backed securities or the units in investment funds received in the same transactions were recognized among the Financial assets at fair value through other comprehensive income or those mandatorily valued at fair value.

For further information on each transaction carried out in the 2021 and also in the previous years, refer to "Annex 3 - Securitizations - qualitative tables" and "Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables".

### C. Regulatory Consolidation - Financial assets sold and fully derecognised

	(€ million)		
	ORIGINAL BOOK VALUE OF ASSETS BEFORE SALE	OF WHICH NON- PERFORMING	BOOK VALUE OF THE BALANCE-SHEET EXPOSURE ACQUIRED
<b>A. Financial assets held for trading</b>	-	X	-
1. Debt securities	-	X	-
2. Equity instruments	-	X	-
3. Loans	-	X	-
4. Derivative instruments	-	X	-
<b>B. Other financial assets mandatorily at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Loans	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>E. Financial assets at amortised cost</b>	333	333	300
1. Debt securities	-	-	-
2. Loans	333	333	300
<b>Total 12.31.2021</b>	<b>333</b>	<b>333</b>	<b>300</b>

The asset-backed securities acquired during the year by such transactions, amounting to €261 million, are classified in the Financial assets at fair value through other comprehensive income portfolio, while the units in investment Funds underwritten, amounting to €39 million, are classified in the Financial assets mandatorily at fair value portfolio.

Moreover, with reference to sales of financial assets fully derecognised carried out in previous years, it should be noted that as of 31 December 2021, additional €1,241 million of asset-backed securities are booked in the Financial assets at fair value through other comprehensive income portfolio as well as in the Financial assets mandatorily at fair value portfolio are booked additional €62 million of asset-backed securities and €244 million of Investment Funds' Units acquired in the previous years.

## Part E - Information on risks and hedging policies

### D.4 Regulatory consolidation - Covered Bond Transactions

In 2008 the Group initiated a first Covered Bond (OBG or Obbligazioni Bancarie Garantite) Programme with residential mortgage loans as the underlying assets and in 2012 a second Covered Bond Programme with both residential and commercial mortgage loans as underlying assets, in line with Law 130/99, the MEF decree dated 14 December 2006 and Banca d'Italia instructions dated 17 May 2007 as amended on 24 March 2010 and on 24 June 2014.

Under these programmes:

- UniCredit S.p.A. is issuer and also acts as transferor of suitable assets and servicer;
- UniCredit BpC Mortgage S.r.l. and UniCredit OBG S.r.l. (special purpose vehicles set up within the banking group as expressly authorised by Banca d'Italia) are guarantors of the OBG holders of the first and the second programme respectively, within the limits of the cover pools; and
- the auditing firm BDO Italia S.p.A. is Asset Monitor for both the programmes.

The first programme, guaranteed by UniCredit BpC Mortgage S.r.l., is characterised by a Soft Bullet method<sup>60</sup> of reimbursement and is rated by Fitch (AA), S&P (AA-), Moody's (Aa3).

The second programme, guaranteed by UniCredit OBG S.r.l., is characterised by a Conditional Pass-Through method<sup>61</sup> of reimbursement and is rated by Moody's (Aa3).

The Group's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitisations, the difficulties in the markets made it advisable to use securitisation as a means of increasing the Group's counterbalancing capacity by retaining with the Group part of the securities issued by the vehicle.

An integral feature of OBG Programme management is maintaining a balance between the characteristics of the assets sold and the issues. This is necessary to maintain the efficacy of the guarantee given by the SPV to the bondholders.

Given the complexity of the transaction, a system of first- and second-level controls and procedures has been set up, as required by Banca d'Italia instructions, to identify units, functions, duties and responsibilities, and specific policies have been issued to this end.

The policies were as approved by the competent committees, the Statutory Auditors and the Board of Directors of UniCredit S.p.A.

As required by Banca d'Italia instructions on controls:

- UniCredit's Risk Management function is charged with the management of the issuer's risks and checks:
  - the quality, suitability and integrity of the assets sold to guarantee the OBGs;
  - that the maximum ratio of OBGs issued to assets sold to guarantee them is adhered to;
  - that limits on sales and supplementary sales procedures are followed;
  - the effectiveness and adequacy of the hedges provided by any derivatives contracts entered into in relation to the Programme; and
  - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue;
- the Asset Monitor is an outside independent entity charged with checking at least annually the regularity of the transactions and the integrity of the guarantee to the bondholders;
- UniCredit's internal audit department is responsible for a complete audit (to be conducted at least once a year) of the adequacy of the controls performed;
- the results of the audits performed by the Asset Monitor and the issuer's internal audit department are submitted to the governing bodies.

<sup>60</sup> Soft Bullet repayment method: in case the issuer is insolvent and the OBG guarantor has insufficient funds to repay in full the OBG at the maturity date, the maturity date is automatically extended by 1 year and any unpaid and due amount shall be payable by such date. In case the OBG guarantor is not able to redeem the OBG at the extended maturity all the outstanding OBG become due and payable and the guarantor has to sale the whole underlying portfolio.

<sup>61</sup> Conditional pass-through repayment method: in case the issuer is insolvent and the OBG guarantor has insufficient funds to repay in full the OBG at the maturity date, the OBG turns in to "pass-through" and the maturity date is extended by 38 years. During the extended period the OBG guarantor has the option to attempt a selected sale of the underlying portfolio every 6 months in order to redeem the pass-through OBG.

## Part E - Information on risks and hedging policies

As at 31 December 2021 the series of covered bonds issued under the two programmes totalled 27 and were worth €23,856 million, of which €18,200 million was repurchased by UniCredit S.p.A.

NAME	SOFT BULLET COVERED BONDS PROGRAMME
Originator:	UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding
Type of asset:	Residential Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period (€ million):	6,343
Covered Bonds issued at the end of accounting period (€ million):	3,606
Other Credit Enhancements:	UniCredit S.p.A. granted to the SPV a subordinated loan of total €6,889 million.
Rating Agencies:	S & P - Moody's - Fitch
Rating:	AA- (since 03/01/2019) - Aa3 (since 10/24/2018) - AA (since 12/22/2021)

NAME	CONDITIONAL PASS THROUGH COVERED BONDS PROGRAMME
Originator:	UniCredit S.p.A.
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding - Counterbalancing Capacity
Type of asset:	Residential and Commercial Mortgage loans
Quality of Asset:	Performing
Book value of the underlying assets at the end of accounting period (€ million):	25,128
Covered Bonds issued at the end of accounting period (€ million):	20,250
Other Credit Enhancements:	UniCredit S.p.A. granted to the SPV a subordinated loan of total €28,339 million.
Rating Agencies:	Moody's
Rating:	Aa3 (Since 10/24/2018)

### Information on Sovereign Exposures

With reference to the Group's sovereign exposures<sup>62</sup>, the book value of sovereign debt securities as at 31 December 2021 amounted to €114,690 million<sup>63</sup>, of which over 84% concentrated in eight countries; Italy, with €43,121 million, represents about 38% of the total. For each of the eight countries, the following table shows the nominal value, the book value and the fair value of the exposures broken down by portfolio as at 31 December 2021.

<sup>62</sup> Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. To the purpose of this risk exposure are not included:

- Sovereign exposures of Group's Legal entities classified as held for sale as at 31 December 2021;
- ABSs.

<sup>63</sup> Information on Sovereign exposures refers to the scope of the UniCredit Consolidated financial statements as at 31 December 2021, determined under IAS/IFRS.

For information on Sovereign exposures with reference to the regulatory scope of consolidation refer to UniCredit Group Disclosure (Pillar III) as at 31 December 2021 - Credit Risk.



## Part E - Information on risks and hedging policies

## Breakdown of sovereign debt securities by country and portfolio

(€ million)

COUNTRY/PORTFOLIO	AMOUNTS AS AT 12.31.2021		
	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
<b>- Italy</b>	<b>41,703</b>	<b>43,121</b>	<b>43,477</b>
financial assets/liabilities held for trading (net exposure*)	(1,050)	(1,755)	(1,755)
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	50	62	62
financial assets at fair value through other comprehensive income	19,071	20,293	20,293
financial assets at amortised cost	23,632	24,521	24,877
<b>- Spain</b>	<b>16,504</b>	<b>17,222</b>	<b>17,323</b>
financial assets/liabilities held for trading (net exposure*)	1,105	1,173	1,173
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	4,454	4,680	4,680
financial assets at amortised cost	10,945	11,369	11,470
<b>- Germany</b>	<b>10,794</b>	<b>11,075</b>	<b>11,097</b>
financial assets/liabilities held for trading (net exposure*)	846	948	948
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	3,522	3,564	3,564
financial assets at fair value through other comprehensive income	2,674	2,753	2,753
financial assets at amortised cost	3,752	3,810	3,832
<b>- Japan</b>	<b>10,290</b>	<b>10,462</b>	<b>10,465</b>
financial assets/liabilities held for trading (net exposure*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	6,682	6,730	6,730
financial assets at amortised cost	3,608	3,732	3,735
<b>- United States of America</b>	<b>4,154</b>	<b>4,318</b>	<b>4,318</b>
financial assets/liabilities held for trading (net exposure*)	1,074	1,101	1,101
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	3,058	3,195	3,195
financial assets at amortised cost	22	22	22
<b>- Austria</b>	<b>3,888</b>	<b>4,171</b>	<b>4,169</b>
financial assets/liabilities held for trading (net exposure*)	180	239	239
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	100	134	134
financial assets at fair value through other comprehensive income	3,464	3,648	3,648
financial assets at amortised cost	144	150	148
<b>- France</b>	<b>3,474</b>	<b>3,783</b>	<b>3,772</b>
financial assets/liabilities held for trading (net exposure*)	747	978	978
financial assets designated at fair value	221	243	243
financial assets mandatorily at fair value	191	221	221
financial assets at fair value through other comprehensive income	1,867	1,887	1,887
financial assets at amortised cost	448	454	443
<b>- Romania</b>	<b>2,312</b>	<b>2,417</b>	<b>2,327</b>
financial assets/liabilities held for trading (net exposure*)	126	123	123
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	652	687	687
financial assets at amortised cost	1,534	1,607	1,517
<b>Total on-balance sheet exposures</b>	<b>93,119</b>	<b>96,569</b>	<b>96,948</b>

## Notes:

(\*) Including exposures in Credit Derivatives.

Negative amount indicates the prevalence of liabilities positions.

## Part E - Information on risks and hedging policies

The weighted duration of the sovereign bonds shown in the table above, divided by the banking<sup>64</sup> and trading book, is the following:

### Weighted duration

	BANKING BOOK	TRADING BOOK (years)	
		ASSETS POSITIONS	LIABILITIES POSITIONS
- Italy	3.82	3.22	5.17
- Spain	3.75	14.78	12.09
- Germany	3.02	19.45	5.21
- Japan	3.35	-	-
- United States of America	2.93	21.80	-
- Austria	5.31	10.68	8.52
- France	6.52	21.92	23.89
- Romania	4.06	4.78	7.80

The remaining 16% of the total of sovereign debt securities, amounting to €18,121 million with reference to the book values as at 31 December 2021, is divided into 35 countries, including Bulgaria (€2,228 million), Croatia (€1,778 million), Hungary (€1,696 million), Portugal (€1,636 million), Czech Republic (€1,136 million), Russia (€1,087 million), Ireland (€1,087 million), Serbia (€969 million), China (€770 million), Poland (€739 million) and Israel (€535 million). The sovereign exposure to Greece is immaterial.

With respect to these exposures, as at 31 December 2021 there were no indications that default may have occurred.

It should also be noted that among the aforementioned remaining part of sovereign debt securities as at 31 December 2021 there are also debt securities towards Supranational Organisations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €2,680 million.

The table below shows the classification of bonds belonging to the banking book and their percentage proportion of the total of the portfolio under which they are classified.

### Breakdown of sovereign debt securities by portfolio (banking book)

	AMOUNTS AS AT 12.31.2021 (€ million)				
	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTISED COST	TOTAL
Book value	279	4,103	53,164	53,550	111,096
% Portfolio	99.96%	34.62%	77.54%	9.02%	16.48%

<sup>64</sup> The banking book includes financial assets designated at fair value, those mandatorily at fair value, those at fair value through other comprehensive income and those at amortised cost.

## Part E - Information on risks and hedging policies

In addition to the exposures to sovereign debt securities, loans<sup>65</sup> given to central and local governments and governmental bodies must be taken into account.

The table below shows the total amount as at 31 December 2021 of loans booked in financial assets at amortised cost portfolio given to countries towards which the overall exposure exceeds €130 million, representing about 94% of the total.

### Breakdown of sovereign loans by country

COUNTRY	AMOUNTS AS AT 12.31.2021 BOOK VALUE
- Austria <sup>(*)</sup>	7,222
- Italy	6,506
- Germany <sup>(**)</sup>	4,730
- Croatia	2,607
- Qatar	621
- Slovakia	242
- Egypt	240
- Kenya	238
- Hungary <sup>(***)</sup>	221
- Turkey	216
- Slovenia	206
- Bulgaria	179
- Bosnia and Herzegovina	170
- Czech Republic	168
- Indonesia	160
- Trinidad and Tobago	133
<b>Total on-balance sheet exposures</b>	<b>23,859</b>

#### Notes:

(\*) of which €29 million in financial assets mandatorily at fair value.

(\*\*) of which €662 million in financial assets mandatorily at fair value.

(\*\*\*) of which €7 million in financial assets mandatorily at fair value.

It should also be noted that, as at 31 December 2021, there are in addition also loans to Supranational Organisations amounting to €5,652 million booked in financial assets held for trading portfolio.

Lastly, it should be noted that derivatives are traded within the ISDA master agreement and accompanied by Credit Support Annexes, which provide for the use of cash collaterals or low-risk eligible securities.

As at 31 December 2021, the sensitivity of UniCredit group Common Equity Tier 1 ratio, to a +10bps parallel shift of BTP asset swap spreads, is equal to -2.6bps pre and -1.9bps post tax. The values of these sensitivities refer to the Fully Loaded Common Equity Tier 1 ratio pro-forma for the Share Buy-Back to be executed in 2022, and subject to Supervisory and Shareholders' approval.

For more details on the sensitivity analysis of credit spreads and on the results of stress tests refer to the "Pandemic Scenario" and "Pandemic & Sovereign Tensions" scenarios in chapter Stress test of the Section 2.2 - Market risk, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter and for liquidity management policies see Section 2.4 Liquidity risk, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

#### Other transactions

With reference to the indications of Banca d'Italia/Consob/IVASS document No.6 of 8 March 2013 - Booking of "long-term structured repos" instructions, there are no transactions of this kind to report.

#### Information on structured trading derivatives with customers

The business model governing OTC derivatives trading with customers provides for the centralisation of market risk in the Group Client Solutions division - Group Client Risk Management, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

<sup>65</sup> Tax items are not included.

## Part E - Information on risks and hedging policies

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:

- by the commercial banks and divisions that close transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the Group Credit Solutions division by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g. structured bonds);
- by CE and EE Banks, which transact business directly with their customers.

UniCredit group trades OTC derivatives on a wide range of underlying, e.g. interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalisation: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and controls in terms of principles, rules and processes, as well as by setting VaR limits.

The business with non-institutional clients does not (usually) entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to 'credit-risk mitigation' (CRM) techniques, by using netting and/or collateral agreements.

Write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:

- performing exposure to customers are mapped by deriving EAD (Exposure at Default) that take into account the Wrong-Way Risk and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from credit & loan-credit default swaps, in order to obtain a value in terms of 'expected loss' (EL) to be used for items designated and measured at fair value maximising the usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flows according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" and of balance-sheet liability item "20. Financial liabilities held for trading".

For the purpose of the distinction between customers and banking counterparties, the definition contained in Circular No.262 of 22 December 2005 of Banca d'Italia and subsequent amendments (which was used for the preparation of the accounts) was used as a reference.

Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross-currency swaps) and/or leverage effects.

Fair values of OTC derivatives managed through Central Clearing counterparts are reported on a net basis. The related reduction of balances is €35,559 million and €42,509 million on trading asset (item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading") and liabilities ("20. Financial liabilities held for trading"), respectively.

The balance of item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" of the Consolidated accounts with regard to derivative contracts totaled €40,822 million (with a notional value of €2,748,471 million) including €28,765 million with customers. The notional value of derivatives with customers amounted to €1,334,913 million including €1,325,704 million in plain vanilla (with a fair value of €28,449 million) and €9,209 million in structured derivatives (with a fair value of €317 million).

The notional value of derivatives with banking counterparties totaled €1,413,558 million (fair value of €12,057 million) including €17,342 million relating to structured derivatives (fair value of €185 million).

The balance of item "20. Financial liabilities held for trading" of the consolidated accounts with regard to derivative contracts totaled €37,107 million (with a notional value of €2,702,228 million) including €22,661 million with customers. The notional value of derivatives with customers amounted to €1,290,208 million including €1,284,804 million in plain vanilla (with a fair value of €22,535 million) and €5,404 million in structured derivatives (with a fair value of €126 million).

The notional value of derivatives with banking counterparties totaled €1,412,020 million (fair value of €14,446 million) including €14,431 million relating to structured derivatives (fair value of €216 million).

## Part E - Information on risks and hedging policies

### *E. Prudential perimeter - Credit risk measurement models*

As at 31 December 2021 the expected loss on the credit risk perimeter was 0.36% of total UniCredit group credit exposure. The result does not include the exposures which have migrated to default and therefore do not enter in the calculation of expected loss. Besides, since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario.

As at 31 December 2021, the ratio between credit economic capital (including a component to cover migration risk) and its relative credit exposure amount is 2.36%.

As far as UniCredit S.p.A. quantitative information, reference is made to the paragraph "F. Credit risk measurement models" of Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and hedging policies, Section 1 - Credit Risk, Quantitative information, which is herewith quoted entirely.

### **2.2 Market risk**

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading book, as well as those posted in the Banking book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments. Market risk management within UniCredit group accordingly includes all the activities relating to cash transactions and capital structure management, both for the Parent company, as well as for the individual entities of the Group.

From a regulatory perspective, market risk stems from all the positions included in banks' trading book as well as from commodity and foreign exchange risk positions in the whole balance sheet.

Therefore, the risks subject to market risk capital requirements include but are not limited to:

- default risk, interest rate risk, credit spread risk, equity risk, foreign exchange (FX) risk and commodities risk for trading book instruments;
- FX risk and commodities risk for banking book instruments.

From a managerial perspective, the Group extends the definition of Market Risk to include Fair value through Profit and Loss (i.e., FVtPL) and Other Comprehensive Income (i.e. FVtOCI assets, net of Micro Fair Value Hedges) portfolios, which are therefore monitored and limited through a set of market-risk specific metrics.

Amortised Cost (AC) securities are also included in the scope with the aim to check the consistency with the Investment Plan.

The current organisational model guarantees the ability to steer, coordinate and control the activities of some aggregated risks (so-called Portfolio Risks), through dedicated responsibility centres (Portfolio Risk Managers), completely focused and specialised on such risks, under a Group and interdivisional perspective.

According to this organisation, the structure at first level of reporting to "Group Risk Management", dedicated to market risk governance is the "Group Financial Risk" department.

### **Risk management strategies and processes**

The Parent company's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent company and its subsidiaries, depending on risk appetite and value creation objectives in proportion to the risks assumed.

The Parent company has defined Global Rules to manage and control market risk, including strategies and processes to be followed. Market risk strategies are set by the Parent company at least on an annual basis, in line with the definition of the overall Group Risk appetite and then cascaded to the legal entities. Market risk appetite is also fundamental for the development of the Group's business strategy, ensuring the consistence between the budgeted revenues and the setting of Value-at-Risk limits.

In this context, on an annual basis Market Risk Management function of the Parent company agrees with the local Market Risk functions possible changes to the Group Market Risk Framework. Changes to the Group Market Risk Framework can include changes to the perimeter for the calculation of managerial market risk metrics and methodological changes in the limit monitoring framework.

For this purpose, Market Risk Management of the Parent company gathers the information needed to set up the Group Market Risk Strategy for the following year. In particular, Group Market Risk Management receives from the competent function the Group Risk Appetite Framework, which sets, among others, Market Risk KPIs and from local Market Risk functions the list of legal entities (LEs)/Business Lines allowed to assume market risk exposures, the severities of the related limits and the proposals for the review of market risk levels.



## Part E - Information on risks and hedging policies

Based on these inputs, the Group Market Risk strategy is defined including the following information:

- the proposed Market Risk Takers Map;
- limits and Warning Levels (WLs) proposal in accordance with the proposed Market Risk Takers Map;
- any change occurred to the risk limit framework compared to the previous year;
- overview on the macroeconomic scenario and related risks for the Group;
- market risk RWA history and expected development;
- market risk KPIs benchmarking;
- the business strategy and key initiatives to support the limit proposal.

After that all the Group relevant Bodies have approved the Group Market Risk Strategy and given the relevant NBOs for local market risk limits, the approval is communicated to the local functions.

In terms of monitoring, the LEs carry out periodical activities (e.g., daily monitoring of VaR, weekly monitoring of Regulatory VaR, IRC and SVaR, monthly monitoring of Stress Test Warning Level) under the coordination of the Parent company Market Risk Management function and the breaches are timely escalated locally to Senior Management and to the Parent company.

Ultimately, it has to be highlighted that detailed Global Rules on market risk strategy definition, limits setting, monitoring, escalation and reporting activities are in place and applied at Group level.

### Trading Book

In accordance with the Capital Requirements Regulation, and as defined in the current policy "Eligibility Criteria for the Regulatory Trading book assignment", the Trading book is defined as all positions in financial instruments and commodities held either with trading intent, or in order to hedge positions held with trading intent. Books held with trading intent are composed of:

- positions arising from client servicing and market making;
- positions intended to be resold in the short term;
- positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations.

In addition, Trading book may include internal or intra-group hedging derivatives transferring risk from Banking book into Trading book, entitled to manage the relevant risk and having access to the derivatives market.

The essential requirement for the Regulatory Trading book assignment is a clear "trading intent", as defined above, which the trader has to commit to and has to confirm on an ongoing basis. Additionally, the so called "tradability", "marketability" and "hedge-ability" requirements have to be assessed in order to evaluate the appropriateness for the Trading book assignment:

- tradability refers to positions free of restrictions on their tradability and coherently reflected within the "Trader Mandate" of the risk taker;
- marketability refers to the positions for which a reliable Fair Value can be evaluated based to the largest extent on independently verified observable market parameters;
- hedge-ability refers to positions for which a hedge could be put in place. The hedge-ability is meant to concern the "material" risks of a position which implies not necessarily that all the various risk features are to be hedge-able.

When opening a new book, the book manager makes the proposal whether the book should be managed as a Trading book or a Banking book based on the planned trading activity. This has to be in line with the bank's internal rules and criteria for the assignment to either Trading book or Banking book. The book manager is required to clearly declare the trading intent and therefore to explain the business strategy behind the request for the Regulatory Trading assignment. The book manager is then responsible for all the positions held in his book and the eligibility criteria are expected to be fulfilled on an ongoing basis.

Concerning the monitoring phase, to demonstrate adequate trading intent, the following minimum criteria must be fulfilled at book level and are checked at least on a quarterly basis:

- minimum of 5 trades during the past 90 trading days;
- minimum of 5% of the volume of each book traded during the past 90 trading days with reference to the last day of the period.

In case a breach of the trading intent criteria, the possibility to re-classify the book must be assessed.

With reference to the methodology used to ensure that the policies and procedures implemented for the management of the Trading book are appropriate, first of all it has to be noted that any new/updated regulation has to be preliminary shared with the main impacted functions/Legal Entities in order to collect their feedback. The competent Group function also assesses the compliance risks with reference to the regulations falling within its direct scope of competence. In addition, before the issuance, the owner of the rule submits to the competent Body/function for the approval.

## Part E - Information on risks and hedging policies

The financial instruments (an asset or a liability, cash or derivative) held by the Group are exposed to changes over time driven by moves of market risk factors. The market risk factors are classified in the following five standard market risk asset classes:

- Credit risk: the risk that the value of the instrument decreases due to credit spreads changes, issuer correlation and recovery rates;
- Equity risk: the risk that the value of the instrument decreases due to increase/decrease of index/stock prices, equity volatilities, implied correlation;
- Interest rate risk: the risk that the value of the instrument decreases due to interest rates changes, basis risk, interest rates volatility;
- Currency risk: the risk that the value of the instrument decreases due to foreign exchange rates changes, foreign exchange rates volatility;
- Commodity risk: the risk that the value of the instrument decreases due to changes of the commodity prices, for example gold, crude oil, commodity prices volatility.

Market risk in UniCredit group is measured and limited mainly through two sets of metrics: Broad Market Risk measures and Granular Market Risk measures:

- **Broad Market Risk measures:** these measures are meant to set a boundary to the regulatory capital absorption and to the economic loss accepted for FVOCI and/or FVTPL exposures. Limitations on Broad Market Risk measures must be reviewed at least annually in the context of the drafting of the Group and Local Market Risk Strategies and must be consistent with assigned budget of revenues, the defined risk-taking capacity (ICAAP process) and Group Risk Appetite KPIs. The set of all limitations on Broad Market Risk measures assigned to a specific market risk taker must be consistent with each other.

The consistency must be checked whenever a level for a Broad Market Risk Measure is defined. The legal entity Market Risk Function needs to provide evidence of such consistency when required. Broad Market Risk measures are:

- Value at Risk ("VaR"), the potential 1-day loss in value of a portfolio for a 99% single-tail confidence interval; calculated through historical simulation in full revaluation using the last 250 equally weighted daily observations;
- Stressed VaR ("SVaR"), the VaR of a portfolio calculated using a 250-day period of significant financial stress;
- Incremental Risk Charge ("IRC"), the amount of regulatory capital aimed at addressing the credit shortcomings (migration and default risks) that can affect a portfolio in one year at a 99.9% confidence level;
- 60 days PL, set as the 60 calendar days rolling period Accumulated Economic P&L without resetting at year end; the limitation on this metrics is called Loss Warning Level ("LWL");
- Worst Stress test result, defined as the worst conditional loss on a given portfolio resulting from the application of a predefined set of scenarios; the limitation on this metrics is called Stress Test Warning Level ("STWL"); for all STWL included in the Market Risk Taker Maps, Parent company monitoring is based on the set of scenarios defined in the Group Market Risk Strategy; legal entities are allowed to add specific scenarios for local monitoring purposes.

The Group has undertaken a progressive review of Market Risk measure scope and, starting from 2019, Warning Levels for 60 days PL and Worst Stress test result have been defined on FVTPL and FVOCI perimeters.

- **Granular Market Risk measures:** these measures allow a more detailed and stringent control of risk exposures than Broad Market Risk measures. Limitations on Granular Market Risk measures (so-called Granular Market Limits, GMLs) are specific limits to individual risk factors or group of risk factors:
  - sensitivity levels, which represent the change in the market value of a financial instrument due to small moves of the relevant market risk asset classes/factors. Among others, and not limited to, particularly relevant considering the asset and liability structure of the commercial bank are the Basis Point Value Sensitivity, that measures the change in the present value of the interest rate sensitive positions resulting from a 1bp parallel shift to interest rate, and the Credit Point Value Sensitivity, that measure the change in the present value of the credit risk sensitive positions resulting from a 1bp parallel shift to credit spread (per issuer, rating or industry);
  - stress scenario levels, which represent the change in the market value of a financial instrument due to large moves of the relevant market risk asset classes/factors;
  - nominal levels, which are based on the notional value of the exposure.

The main objectives of Granular Market Limits are:

- supporting the management of market risk;
- ensuring desk's focus to exposure under their mandate;
- restricting risk concentration, i.e. preventing the build-up of positions that, although consistent with allocated VaR limits, could become unmanageable in case of turmoil or in case of reduced market liquidity;
- complementing VaR when it does not cover sufficiently a specific risk factor;
- facilitating interaction with traders, who manage their books according to sensitivities or scenario analysis;
- limiting P&L volatility due to a specific risk factor;
- complementing the compliance framework (e.g., Volcker rule and the German Trennbanken act).

The Granular Market Limits must be consistent with limitations on Broad Market Risk measures.

To cover also Amortised Cost securities, the new Market Risk Strategy has introduced new notional and CPV granular limits on Regulatory Banking book perimeter. This ensures the monitoring of Credit spread risk in the Banking book, which originates mainly from government bond portfolios held for liquidity purposes. The main credit spread exposure relates to Italian sovereign risk in the Italian perimeter.

## Part E - Information on risks and hedging policies

As for Banking book FX risk, the FX Management & Control Global Policy in force requires every legal entity to setup local processes and controls to transfer the transactional exchange risk exposures to one single unit, generally in the Markets department, mandated to manage the open exposure within the allotted limits and the general market risk appetite.

Finally, the Group is exposed to FX risk in relation to the holding of subsidiaries, associates and joint ventures presenting their financial statements in currencies different than EUR (Structural FX Risk). To limit the impacts of the FX rates movements on the Capital ratios volatility, a RAF KPI on Structural FX risk is set at Group level to identify an appropriate level of risk the Group is willing to maintain and thresholds that in case of breaches require the activation of the proper escalation mechanisms. Group risk management strategy could envisage the steering of the FX risk exposure in the LEs or the booking in the Holding of positions deliberately taken to hedge the capital ratio from FX volatility. On a yearly basis, this strategy is presented to the relevant Group committees and approved by the BoD.

The general policy is to hedge the foreign currency exposures from dividends and contributions to consolidate profit (loss) considering hedging cost and market circumstances. The FX exposure is hedged using forwards and options that are classified as Trading book. This general rule is valid for the Parent company. The hedge strategy is reviewed by the relevant risk committees on a regular basis.

### Banking Book

The main components of market risk in the Banking book are: credit spread risk, FX risk and interest rate risk.

As for the first two components (Credit Spread risk and exchange rate risk), please refer to what is reported in this paragraph in the Trading Portfolio section.

With regards to the third component (interest rate risk), the exposure is measured in terms of sensitivity of the economic value and of the net interest income.

The Group Financial and Credit Risk Committee (GFRC) is responsible for the definition of the interest rate risk strategy for the strategic position of the banking book, including the strategic management of the capital and structural gap between non-interest rate sensitive assets and liabilities.

Within the management of Banking book interest rate the main target is the reduction of the adverse impacts on net interest income due to interest rate volatility in a multiyear horizon, in order to achieve a flow of earnings and a return on capital coherent with the strategic plan. The strategy does not imply any intended directional or discretionary positioning to generate additional earnings, unless approved by relevant bodies and separately monitored. The only exception is for those functions authorised to carry interest rates positions within an approved level of limitations from the relevant risk committees.

The Treasury functions manage the interest rate risk deriving from commercial transactions maintaining the exposure within the limits set by the relevant risk committees. Daily, the exposure is monitored and measured from risk management functions.

The interest rate management strategy takes also into account the main impacts from clients' behavior, which may impact on the value of interest margins or on the economic value of the banking book. Such are for instance the loans prepayment and the stability of sight deposits.

The prepayment risk is managed through the adaptation of the contractual profile on the basis of behavior of clients inferred from historical data. In UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG e UniCredit Bank Czech Republic and Slovakia S.A. the interest of prepayment is modelled considering also, if relevant, the financial incentive linked to the trend of interest rates. The prepayment risk is considered also in the credit portfolios of AO UniCredit Bank and UniCredit Bank Hungary ZRT.

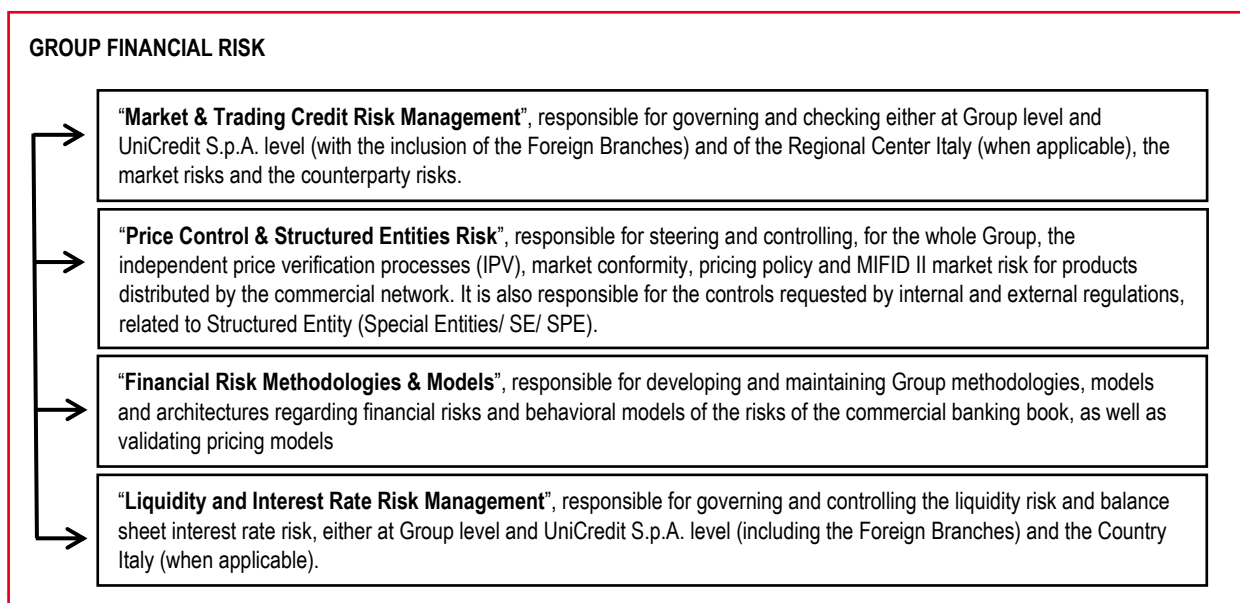
The stability of sight deposits is assessed through an internal model which estimates the stable volume and that non-sensitive to interest rates. Starting from those volumes is built the hedging strategy, consistently with the maturity profile approved by the GFRC and coherently with the management strategy of interest rate risk of the banking book. The adoption of the internal models applied to the sight deposits is present across all the banks of the Group, with exception for UniCredit International Bank (Luxembourg) S.A. The hedging strategy is enacted through fixed rate positions at medium long term (commercial loans, government bonds or alternatively financial derivatives as interest rate swaps). The composition of the hedging portfolio in terms of products and their maturities depends on their availability and their liquidity.

## Part E - Information on risks and hedging policies

### Structure and organisation

The Group Financial Risk department is responsible, at Group level, for the definition of the strategies of financial risk management of the Group to be submitted to the competent functions/Bodies (i.e. liquidity risk, balance sheet interest rate risk, market risk and counterpart risk), ensuring that the control of the risks in charge of the UniCredit S.p.A. Foreign Branches are monitored and reported to the Group Chief Risk Officer and to the Top Management. In addition, the structure governs the Group activities aimed to ensure the independent control of the prices and of the Front Office relevant parameters, for the fair value calculation.

The structure breaks down as follows:



The relevant Committees of reference are:

- Group Financial and Credit Risk Committee (GFRC) - Financial Risk session;
- Group Executive Committee (GEC) - Risk Session.

The "Group Financial and Credit Risk Committee (GFRC) - Financial Risk session" meets monthly and is responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing, across Liquidity Reference Banks, Business Functions and Legal Entities, with the aim to optimize the usage of financial resources (e.g., liquidity and capital) in coherence with Risk Appetite and Business Strategies. It is also responsible for the approval of the Financial Plan, Funding Plan, Ordinary Counterbalancing Capacity Plan and Contingency Funding Plan to be submitted to the Board by the CEO as well as for evaluating the impact of transactions significantly affecting the overall financial risk portfolio profile.

The "Group Executive Committee (GEC) - Risk Session" which has approval as well as consulting and proposal functions, meets monthly and aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, key highlights from Internal Control Systems, NPE, ESG.

## Part E - Information on risks and hedging policies

The HC governing bodies delegate to the Group Financial and Credit Risk Committee (GFRC) the development of detailed internal regulations with the goal of establishing an integrated and consistent IRRBB management framework within the Group with the goal of facilitating an effective decision-making process and governance.

Local relevant committee of the liquidity reference banks (LRBs) or Legal Entities (LEs) (in accordance with local rules in force), within the scope of their responsibilities and delegated powers, are responsible for implementing the IRRBB management framework established by GFRC, also considering the peculiarities of each LRB or LEs and given the guidelines and indications of their respective governing bodies (both those responsible for strategic supervision and management).

The GFRC is also responsible for the Group-wide monitoring of IRR within the broader perspective of market risk. Having regard to the overall operations and risk exposures of the Group, it involves the Group Executive Committee (GEC) within its responsibilities and delegated powers.

The committee's involvement in interest rate risk management includes:

- the definition of granular interest rate Banking book limits;
- the initial approval and fundamental modifications for the measurement and control system of Banking book interest rate risks with the support of internal validation function (where necessary);
- the optimization of the Group profile for Banking book interest rate risk;
- the definition of the operational strategies of Balance sheet (e.g., replicating portfolio) and application of the internal transfer prices within the Italian perimeter.

### **Risk measurement and reporting systems**

#### **Trading Book**

In the second half of 2021, UniCredit group continued to improve and consolidate market risk models to properly measure, represent and control the Group risk profile, reflecting these changes in the reporting activity. As regards market risk measurements, further details can be reported in paragraph "Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading book", while for both monthly and daily reporting process, Global Process Regulation are periodically updated.

Within the organisational context described above, the policy implemented by UniCredit group within the scope of market risk management is aimed at gradually adopting and using common principles, rules and processes in terms of appetite for risk, limit calculations, model development, pricing and risk model scrutiny.

The Group Financial Risk department is specifically required to ensure that principles, rules and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.

The main tool used by UniCredit group to measure market risk on trading positions is Value at Risk (VaR), calculated using the historical simulation method. Further details on risk valuation models are included in the following chapter.

Group Financial Risk defines market risk reporting standards, both in terms of contents and recurrence, and provides timely information to the Senior Management and regulators regarding the market risk profile at consolidated level.

In addition to VaR and Basel 2 risk measures, stress tests represent an important risk management tool that provides UniCredit with an indication of how much capital might be needed to absorb losses in case of large financial shocks. Stress testing forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP), which requires UniCredit to undertake rigorous, forward-looking stress testing that identifies possible events or changes in market conditions that could adversely impact on the bank.

#### **Banking Book**

The primary responsibility of the monitoring and control of the risk management for market risk in the Banking book lies in the bank's competent bodies. For instance, the Parent company is responsible for the process of monitoring the market risks on the Banking book at consolidated level. As such, it defines structure, data, and frequency of the necessary Group reporting.

The Banking book interest rate risk measure cover both the economic value and net interest income risk aspects. In particular, the different and complementary perspectives involve:

- **Economic Value:** variations in interest rates can affect the economic value of assets and liabilities. The economic value of the bank can be viewed as the present value of the bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities; a relevant risk measure from this perspective is the economic value sensitivity per time bucket for a 1bp rate shock. This measure is reported to the relevant committees to assess the economic value impact of various changes in the yield curve. In addition, the economic value sensitivity is computed also for the regulatory scenarios ("Supervisory Outlier Test" described in EBA/GL/2018/02);
- **Net Interest Income:** the focus of the analysis is the impact of changes of interest rates on Net Interest Income. An example of a measure of risks used is Net Interest Income sensitivity for a 100bps parallel shock of rates. This measure is reported to the competent committees to the end of evaluating its impact on the interest income over the next 12 months. Additional stress test scenarios are performed and monitored including basis risk and non-parallel shocks with hypothesis of increase or decrease of interest rates levels under constant balance sheet assumption.



## Part E - Information on risks and hedging policies

As for other sources of market risk, such as Credit Spread risk and FX risk, please refer to the information in the paragraph Risk management strategies and processes, relating to the Trading Book section.

### ***Hedging policies and risk mitigation***

#### **Trading Book**

The mitigation of Trading book risk is performed through the Market Risk Strategy, where Broad and Granular Limits are defined. The effective limit utilization is provided to Group Financial and Credit Risk Committee (through the Market Risk Overview report) and related breaches are escalated to the competent Body, according to the severity assigned by the Market Risk Strategy. The escalation process is ruled by the Global Policy "Market Risk Limits" which defines the nature of the various thresholds/limits applied, as well as the relevant bodies to be involve establishing the most appropriate course of action to restore exposure within the approved limits.

A set of risk indicators is also provided to the Group Executive Committee (and subsequently to the Internal Control & Risk Committee and to the BoD) on a quarterly basis through the Group Risk Appetite Framework (RAF) and Integrated Risk Report (IRR), which includes Regulatory VaR, Stressed VaR and IRC trend for Group and legal entities (UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria AG), Sovereign and non-Sovereign (ABS, Financials and Corporates) Exposure.

If required, focus is provided to relevant committees on the activity of a specific business line/desk to ensure the highest level of understanding and discussion of the risks in certain areas which are deemed to deserve particular attention.

#### **Banking Book**

On a regular basis, at least quarterly, the relevant IRR exposure, complemented by the analysis of the compliance of the limits, must be reported to Management bodies and internal committees. As a general principle, the compliance of the limits must be reported to Boards and committees depending on their role in limit setting and it is proportionate to the severity hierarchy outlined in the previous section.

The Group Financial and Credit Risk (GFRC) must be subject to reporting with respect to RAF KPIs and Overall Group and LRB Granular Limits and Triggers with the same frequency of the committee's meetings. The same reporting process must be implemented within LRBs with respect to Local relevant committees (in accordance with local rules in force).

Breaches of limits and warning levels are reported, upon occurrence, to the relevant bodies. Consequently, the escalation process is activated in line with the procedures set in relative Policy, to establish the most appropriate course of action to restore exposure within the approved limits.

The execution of structural hedges to mitigate the interest rate risk exposure on client business is responsibility of the treasury functions. The strategic transactions in the Banking book are managed by the Asset and Liability Management department, ALM.

#### ***Internal model for price, interest rate and exchange rate risk of the regulatory trading book***

The current Market Risk internal model is based on Value-at-Risk (VaR) framework, integrated with other risk measures: incremental risk capital charge (IRC) and stressed Value-at-Risk (SVaR) aimed at reducing the pro-cyclicality of the minimum capital requirements for market risk, in line with the European directives in force.

All the regulatory requirements in the contest of Market Risk have been addressed via internal development of the necessary model and IT infrastructure as opposed to the external acquisition of ready-made solutions.

This enabled UniCredit to craft solutions that in many aspects can be considered on the sophisticated end of the spectrum of practices that can be found in the Industry. In this respect one distinctive feature of the market (and counterparty) risk frameworks implemented in UniCredit group is the full revaluation approach employing the same pricing libraries used in the Front Office.

UniCredit group calculates both VaR and SVaR for market risk on trading positions using the historical simulation method. Under the historical simulation method positions are revaluated (in full revaluation approach) based on trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving therefrom is analysed to determine the effect of extreme market movements on the portfolios. For a given portfolio, probability and time horizon, VaR is defined as a threshold value so that the probability that the mark-to-market loss on the portfolio, over the given time horizon, not exceeding this value (assuming no trading in the portfolio) has the given confidence level. Current configuration of the internal model defines VaR at a 99% confidence level on the 1-day P&L distribution obtained from equally weighted historical scenarios covering the last 250 days. Historical scenarios are built relying on proportional shocks for Equities and FX rates, and on absolute shocks for Interest Rates and Credit Spreads. UniCredit VaR Model simulates all the risk factors, both referring to general and specific risk, thus providing diversification in a straightforward approach. The model is recalibrated daily. The use of a 1-day time horizon makes the immediate comparison with realised profits/losses possible and such comparison is the core of the back-testing exercise.

The VaR measure identifies a consistent measure across all the portfolios and products, since it:

- allows a comparison of risk among different businesses;
- provides a means of aggregating and netting position within a portfolio to reflect correlation and offset between different assets classes;
- facilitates comparisons of market risk both over time and against daily results.

## Part E - Information on risks and hedging policies

Although a valuable guide to risk, VaR should always be viewed within its limitations:

- historical simulation relies on past occurrences to forecast potential losses. In case of regime shifts this might not be appropriate;
- the length of the time window used to generate the forecasted distribution will necessarily embed a trade-off between the responsiveness of the metric to recent market evolutions (short window) and the spectrum of scenarios that will embed (long window);
- assuming a constant one/ten-day horizon there is no discrimination between different risk-factor liquidity.

Stressed VaR calculation is based on the very same methodology and architecture of the VaR, and it is analogously calculated with a 99% confidence level and 1-day time horizon on a weekly basis, but over a stressed observation period of 250 days. The chosen historical period identifies the 1-year observation window which produces the highest resulting measure for the current portfolio.

Stress windows are recalibrated monthly and are tailored to the portfolio of each legal entity of the Group, plus the Group itself that is relevant for RWA calculation on a consolidated level. The SVaR window at Group level, at UniCredit Bank AG and UniCredit Bank Austria AG level corresponds to the “Lehman Crisis” (2008-2009), while for UniCredit S.p.A. solo level it is the “Sovereign Crisis” (2011-2012). The 10-day capital requirement is however obtained by extending the 1-day risk measure to the 10-day horizon taking the maximum of the square root of time scaling and a convolution approach that turns the one-day distribution into a 10-day distribution for both the VaR and the Stressed VaR. The 1-day measures are instead actively used for market risk management.

In order to validate the consistency of VaR internal models used in calculating capital requirements on market risks, back-testing is performed by comparing the internal model risk estimates with the portfolio profit and loss, to check if the 99% of the trading outcomes is covered by the 99th percentile of the risk measures.

The test is based on the last twelve months data (250 daily observations). In case the number of exceptions in the previous year exceeds what forecasted by the confidence level assumed, a careful revision of model parameters and assumptions is initiated. Group Internal Validation performed the periodic validation of the VaR/SVaR framework to assess the compliance with regulatory requirements including an independent back-testing analysis complemented with different parameterisations (e.g., different time horizon, percentile) and detailing the results for a set of representative portfolios of the Bank.

The IRC capital charge captures default risk as well as migration risk for un-securitised credit products held in the Trading book. The internally developed model simulates via multivariate version of a Merton-type model the rating migration events of all the issuers relevant to the Group trading positions over a capital horizon of one year. The transition probabilities and the sector correlations are historically calibrated, while idiosyncratic correlations are derived from the IRB correlation formula. Simulated migration events are turned into credit spread scenarios while default events are associated to a simulated recovery rate. In doing so a constant position assumption is employed and products are conservatively all attributed a common liquidity horizon of 1 year.

In each scenario all the relevant product inventory is revaluated under such spread and default events producing a simulated profit or loss (P&L) that fully reflects convexity, basis risk, portfolio effects and portfolio concentration risks.

In this way a high number of paths Monte Carlo simulation generates a P&L distribution for the Group (and each leaf of its portfolio tree). IRC is defined as the 99.9 percentile of such loss distribution.

Additional capital charge for securitisations and credit products not covered by IRC is evaluated through the standardised approach.

The following table summarises the main characteristics of the different measures that define the capital requirement for market risk in UniCredit.

MEASURE	RISK TYPE	HORIZON	QUANTILE	SIMULATION	CALIBRATION
VaR	All Market Risk Factors	1d	99%	Historical	1Y window, equally weighted
SVaR	All Market Risk Factors	1d	99%	Historical	1Y window, equally weighted
IRC	Rating Migration & Default	1Y	99.9%	Monte Carlo	Through-the-cycle (min 8Y)

The IRC Model is subject to a quarterly program of Stress tests aimed at evaluating the robustness of the model. The relevant parameters as Recovery Rates, Transition Probabilities, idiosyncratic correlation is shocked and the impact on the IRC measure is computed.

“Group Internal Validation” performed its analyses to evaluate the conceptual soundness of the IRC model, to supplement the available analyses on that topic and to ensure the compliance of the resulting risk management environment with all the relevant regulatory requirements and internal standards. As already remarked by the regulation, traditional back-testing procedures, regarding the 99.9% one-year soundness standard for IRC, are not applicable due to the 1-year time horizon of the measure. Consequently, while validation of the IRC model relied heavily on indirect methods (including stress tests, sensitivity analysis and scenario analysis) in order to assess the qualitative and quantitative reasonableness of the model, special focus has indeed been given to the specific situation of UniCredit portfolios.

## Part E - Information on risks and hedging policies

Group Internal Validation Unit kept the scope of their analyses as wide as possible in order to comprise the many diverse issues that are acting concurrently in such a model (general model design, regulatory compliance, numerical implementation, outcomes explanation). Group Internal Validation performed a full spectrum of validation analyses on the IRC measure calculation using its internal replica libraries. The replica allows a simple verification of the results provided by the productive environment, and in addition opens the door to a more dynamical and tailored implementation of the needed tests. The spectrum of analysis encompassed Monte Carlo stability, correlation analysis and stressing, assessment on portfolio concentration, calculation of parameters sensitivity, marginal contribution analysis, alternative models' comparisons. All major parameters were tested, i.e., correlation matrices, transition probabilities matrices, transition shocks, recovery rates, probabilities of default, number of scenarios. To understand the overall performance of the model in replicating the real-world migration and default phenomena, Group Internal Validation also performed a historical performance exercise comparing the migrations and defaults predicted by UniCredit IRC model with the ones actually observed since 1981 (due to data availability).

Banca d'Italia authorised UniCredit group to use internal models for the calculation of capital requirements for market risk. As of today, the Group legal entities within CEE countries are the ones that are mainly using the standardised approach for calculating capital requirements relating to trading positions. However, the VaR measure is used for the management of market risk in the abovementioned entities.

For Trading book VaR the bank differentiates between regulatory and managerial views. The managerial measure is used for Risk monitoring and Business steering purposes as prescribed by Market Risk Framework: in particular VaR limits represent the main metric translating the Risk Appetite into the Market Risk framework.

The managerial VaR has a wider scope: it is used to monitor both Trading book and Banking book perimeter (specifically FVtPL and FVtOCI positions), also including legal entities for which the standardised measurement method is applied for Regulatory purposes, in order to have a complete picture of risk through PL and capital. Furthermore, the exposure coming from hedges of the XVA sensitivities is excluded from managerial VaR monitoring but included in the Regulatory VaR limits in order to allow a proper steering of MRWA; additionally, respective sensitivities are closely monitored against XVA risk.

The standardised measurement method is also applied to the calculation of capital covering the risk of holding Banking book exposure in foreign currencies for UniCredit S.p.A. That do not have an approval for FX Risk simulation under Internal Model.

In this respect the FX risk for both Trading and the Banking book is included in VaR and SVaR for Regulatory purposes as for the approved legal entities (UniCredit Bank AG and UniCredit Bank Austria AG); as regards the managerial view the FX Risk of Banking book is included in the Overall (Trading book and Banking book) VaR.

UniCredit Internal Model Approach includes the Risk Not In Model Engine framework, that provides an estimate on the completeness of the risk factors included in VaR, SVaR and IRC. Although RNIME program shows that UniCredit IMA captures adequately the material price risks, since fourth quarter 2019 UniCredit computes via Stress Test a prudential capital add-on.

To sum up, the Internal Model approach is used for Regulatory purposes for UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG, and UniCredit Bank Austria sub-group, while it is used for all legal entities (including CEE countries) for managerial purposes.

Finally Trading portfolios are subject to Stress tests according to a wide range of simple and complex scenarios. Simple scenarios which envisage the shock of single asset classes, are defined in the context of Interest Rate Risk/Price Risk/Exchange Rate Risk/Credit Spread Risk Sensitivity. Complex scenarios apply simultaneous changes on several risk factors. Both simple and complex scenarios are applied to the whole Trading book. Detailed descriptions are included in the paragraph on the Stress test.

Stress tests results are calculated in the Group Market Risk system, thus ensuring a common methodological approach across the Group. Results are calculated applying a full revaluation approach meaning that all positions are revalued under stressed conditions; no ad hoc models or pricing functions are applied for stress testing.

According to national regulations, some relevant scenarios are also a matter of regulatory reporting on a quarterly basis.

In addition, a set of scenarios is run monthly on overall Group perimeter, thus covering both Trading and Banking book positions. Results are discussed monthly in Market Risk Stress Test Open Forum involving Market Risk function's representatives of all the legal entities and Business' representatives. Results are analysed in depth in the monthly report "Monthly Overview on Market Stress Test".

Stress test Warning levels Usage is monitored monthly. More details on Warning Levels and Strategy are given in the previous paragraph Risk management strategies and processes.

## Part E - Information on risks and hedging policies

### Effects arising from Covid-19 pandemic

After the sharp increase of both managerial and regulatory market risk metrics caused by the outbreak of Covid-19 during the first half of 2020, the evolution of the crisis and the related risk metrics development is under strict monitoring by both risk and business functions. The cautious approach adopted in positions management since the beginning of the crisis resulted in a progressive relief in limits utilization.

#### VaR, SVaR and IRC

Diversified VaR, SVaR and IRC are calculated taking into account the diversification arising from positions taken by different entities within the I-mod perimeter (i.e. for which the use of the internal model for the risk calculation is approved). VaR is however in place for all the Legal Entities and its value is reported in Managerial VaR section for information purpose.

The VaR and SVaR increase, observed starting from December 2021, is mainly driven by Commodity risk in the Trading book of UniCredit Bank AG, reflecting an increase of volatility in the Energy market.

While the IRC increase, observed in the first half of the fourth quarter of 2021, is mainly driven by a higher exposure towards Republic of Italy in the Trading book of UniCredit S.p.A.

#### Risk on trading book

##### Daily VaR on Regulatory Trading book

(€ million)

	END OF DECEMBER 2021	AVERAGE LAST 60 DAYS	2021			2020
			AVERAGE	MAX	MIN	AVERAGE
I-MOD PERIMETER						
Diversified UniCredit group	9.3	7.1	7.0	19.8	4.4	16.7

#### Risk on trading book

##### SVaR on Regulatory Trading Book

(€ million)

	END OF DECEMBER 2021	AVERAGE LAST 12 WEEKS	2021			2020
			AVERAGE	MAX	MIN	AVERAGE
I-MOD PERIMETER						
Diversified UniCredit group	34.5	25.6	21.5	34.5	17.2	31.5

#### Risk on trading book

##### IRC on Regulatory Trading Book

(€ million)

	END OF DECEMBER 2021	AVERAGE LAST 12 WEEKS	2021			2020
			AVERAGE	MAX	MIN	AVERAGE
I-MOD PERIMETER						
Diversified UniCredit group	110.5	139.1	149.6	189.1	107.8	160.0

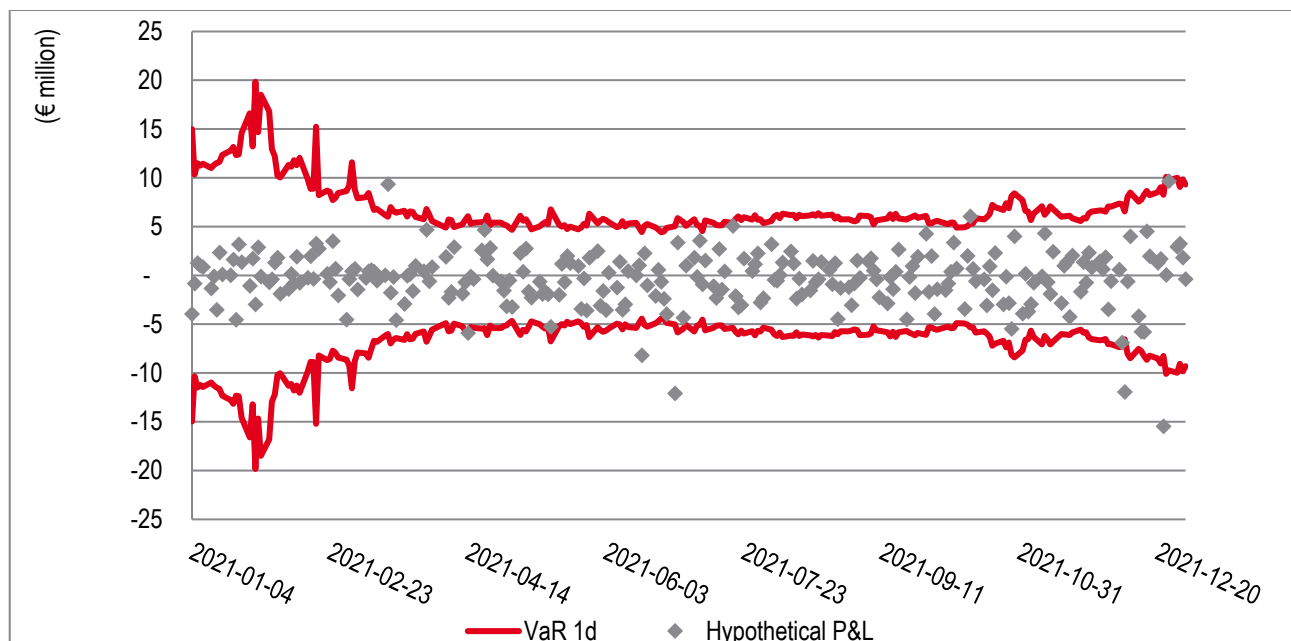
## Part E - Information on risks and hedging policies

### EU MR4 Comparison of VaR estimates with gain/losses

The following graph shows back-testing results referred to the market risk on the Trading book, in which VaR results for the last twelve months are compared to the hypothetical "profit and loss" results for Group (I-Mod Perimeter).

During the second semester of 2021, two hypothetical PL's overdrafts and two actual PL's overdraft occurred at UniCredit group level:

- 12/08/2021 (Hypothetical and Actual P&L): mostly driven by an increase of volatility in the Energy market;
- 12/22/2021 (Hypothetical and Actual P&L): mostly driven by the combined effect of an increase of volatility in the Energy market, and of Interest Rate and Foreign Exchange Rate movements.





## Part E - Information on risks and hedging policies

### Managerial VaR

Below are reported the Managerial Diversified Trading book VaR as of end of December 2021 at Group and Regional Centre levels and the Undiversified Trading book VaR at Group level, calculated as sum of the values of all Legal Entities (without considering diversification benefit). Difference with Regulatory Trading book was described above.

#### Daily VaR on Managerial Trading Book

(€ million)

TRADING BOOK	END OF DECEMBER 2021
<b>Diversified UniCredit group as per internal model</b>	<b>8.1</b>
RC Germany	7.2
RC Italy	1.3
RC Austria	0.2
RC CEE	0.9
<i>Bosnia Herzegovina</i>	0.0
<i>Bulgaria</i>	0.2
<i>Croatia</i>	0.2
<i>Czech Republic</i>	0.7
<i>Hungary</i>	0.4
<i>Romania</i>	0.4
<i>Russia</i>	0.4
<i>Serbia</i>	0.0
<i>Slovenia</i>	0.0
<b>Undiversified UniCredit group</b>	<b>11.1</b>

### Marginal Regulatory VaR

The table below provides a breakdown of 10-days VaR figure (i.e. referred to a 10-days' time horizon) according to the different market risks (debt, equity, FX, commodities) and its evolution during the year, in the form of template C24 of COREP.

#### Risk on Trading book by instruments classes

#### 10-days VaR on Regulatory Trading book

(€ million)

	2021				2020
	Q1	Q2	Q3	Q4	Q4
Traded Debt Instruments	33.3	13.4	16.6	20.6	38.2
TDI - General Risk	21.4	13.8	16.0	20.5	23.2
TDI - Specific Risk	32.2	6.8	6.4	6.4	26.0
Equities	10.3	6.6	5.0	4.0	11.3
Equities - General Risk	-	-	-	-	-
Equities - Specific Risk	10.3	6.6	5.0	4.0	11.3
Foreign Exchange Risk	7.5	5.3	4.2	3.1	9.4
Commodities Risk	19.3	9.3	7.0	13.3	14.8
<b>Total Amount For General Risk</b>	<b>30.8</b>	<b>16.9</b>	<b>17.9</b>	<b>23.5</b>	<b>26.8</b>
<b>Total Amount For Specific Risk</b>	<b>20.5</b>	<b>6.8</b>	<b>6.5</b>	<b>6.6</b>	<b>20.7</b>

The VaR increase compared to Q3 '21 observed starting from December 2021, is mainly driven by Commodity risk in the Trading book of UniCredit Bank AG, reflecting an increase of volatility in the Energy market.

### CVA

The CVA charge data values for the Trading book for the Group are reported below (as sum of the individual legal entities charges since the diversification benefit is not considered). The charge accounts for the credit-spread volatility affecting regulatory CVA. It consists of a VaR figure computed over the current window (CVA VaR) and a VaR figure computed over a stressed window (CVA SVaR).

For exposures not covered by the CCR Internal model (used to calculate CVA exposure profiles) the standardised approach (SA) is used. The mitigation of the XVA exposure across UniCredit group "Western Europe" perimeter is managed by a dedicated CVA Desk, whose mandate is to provide a centralised Front Office service function in Markets with the responsibility for XVA pricing & exposure management for OTC derivatives. The CVA Desk actively hedges the exposure to risk factors within the prescribed limit framework in UCI S.p.A., UCB AG and UCBA AG.

In the fourth quarter of 2021, the Own Fund Requirements due to CVA under Advance model remains relatively stable with respect of the level reached in the third quarter of 2021.

## Part E - Information on risks and hedging policies

### Risk on Trading book

#### CVA Trading book

(€ million)

	2021				2020
	Q1	Q2	Q3	Q4	Q4
CVA	120.2	121.2	102.8	108.0	123.2
CVA VaR	28.0	7.2	5.3	8.4	37.6
CVA SVaR	48.6	50.2	49.3	49.5	48.0
CVA SA	43.5	63.8	48.2	50.1	37.6

### 2.2.1 Interest rate risk and price risk - Regulatory trading book

#### Qualitative information

##### Interest rate risk

###### A. General aspects

Interest rate risk arises from financial positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion. Regardless of use of the internal models in calculating capital requirements on market risks, risk positions in the Group are monitored and subject to limits assigned to the portfolios based on managerial responsibilities and not purely on regulatory criteria.

###### B. Risk management processes and measurement methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models.

As regards Stress Test refer to the introduction on Risk Management Strategies and Processes and for the complex scenarios' description to Stress Test paragraph.

In addition to the monitoring of Granular Market Limits, Group Market Risk functions conduct sensitivity analysis at least on monthly basis, in order to determine the effect on the income statement of changes in the value of individual risk factors or several risk factors of the same type.

Additionally to the sensitivity of financial instruments to changes in the underlying risk factor, the sensitivity to the volatility of interest rates is also calculated assuming positive and negative shifts of 30% in volatility curves or matrices.

##### Price risk

###### A. General aspects

Price risk relating to equities, commodities, investment funds and related derivative products included in the Trading book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.

Price risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTCs and recourse to security lending. Volatility trading strategies are implemented using options and complex derivatives

###### B. Risk management processes and measurement methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to the introduction on internal models.

As regards stress test refers to the introduction on "Risk management strategies and processes" and for the complex scenarios' description to the "Stress test" paragraph.

#### Quantitative information

##### 1. Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives

The table is not reported since a table showing Interest Rate sensitivity is described below, in accordance with Internal Model.

##### 2. Regulatory trading portfolio: distribution of equity exposures and equity indices for the main listing countries

The table is not reported since a table showing price risk sensitivity is described below, in accordance with Internal Model.

##### 3. Regulatory trading portfolio: internal models and other methods for sensitivity analysis

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models.

## Part E - Information on risks and hedging policies

### Interest rate risk

#### Interest rate risk sensitivity

Sensitivity to changes in interest rates is determined using both parallel shifts of interest-rate curves, and changes in the curve itself.

The curves are analysed using parallel shifts of  $\pm 1\text{bp}/\pm 10\text{bps}$  and  $\pm 100\text{bps}$ .

For each 1bp shift, sensitivity is calculated for a series of time-buckets. Sensitivity for changes in the steepness of the rate curve is analysed by clockwise turning (Turn CW), i.e. an increase in short-term rates and a simultaneous fall in long-term rates, and by counter-clockwise turning (Turn CCW), whereby short-term rates fall and long-term rates rise.

In particular, clockwise and counter-clockwise turning use the following changes in absolute terms:

- +50bps/-50bps for the one-day bucket;
- 0bps for the one-year bucket;
- -50bps/+50bps for the 30-year plus bucket;
- for buckets between the above ones, the change to be set is found by linear interpolation.

The Group also calculates sensitivity to the volatility of Interest Rate assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.

The tables below show trading book sensitivities.

(€ million)

INTEREST RATES	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 PB	+100 BP	CW	CCW
<b>Total</b>	<b>-0.1</b>	<b>0.5</b>	<b>-0.0</b>	<b>0.3</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.0</b>	<b>3.0</b>	<b>-11.4</b>	<b>-2.3</b>	<b>-96.6</b>	<b>22.4</b>	<b>-7.8</b>
<i>of which:</i>														
EUR	-0.1	0.3	-0.1	0.3	-0.3	-0.4	-0.4	-0.7	5.5	-4.5	31.9	-40.3	31.4	-15.8
USD	-0.1	0.2	0.1	0.0	0.1	0.2	0.0	0.6	-2.1	2.0	-29.1	17.4	-5.9	5.1
GBP	0.0	-0.0	-0.0	-0.0	0.1	0.1	-0.0	0.1	-1.1	1.1	-12.1	10.6	-3.5	3.4
CHF	0.0	-0.0	-0.0	0.0	-0.0	-0.0	0.0	-0.1	0.5	-0.5	5.4	-5.3	-0.0	0.0
JPY	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	-0.2	-0.1	-0.6	0.6

(€ million)

	-30%	+30%
<b>Interest Rates</b>	<b>4.4</b>	<b>-45.0</b>
EUR	4.4	-44.3
USD	-0.0	-0.6

### Price risk

#### Share-price sensitivity

Share-price sensitivity is expressed in two ways:

- as a "Delta cash-equivalent", i.e. the euro equivalent of the quantity of the underlying that would expose the bank to the same risk arising from its actual portfolio;
- as the economic result of a rise or fall in spot prices of 1%, 10% and 20%.

The Delta cash-equivalent and the Delta 1% (i.e. the economic impact of a 1% rise in spot prices) are calculated both for each geographical region (assuming that all stock markets in the region are perfectly correlated) and on the total (assuming therefore that all stock markets are perfectly correlated). The sensitivity arising from changes of 10% and 20% is calculated solely on the total.

The Group also calculates sensitivity to the volatility of equities assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.

In addition, sensitivity to commodity price changes is calculated according to the above criteria. Given its secondary importance as compared to other risk exposures, this is calculated as a single class.

## Part E - Information on risks and hedging policies

The tables below show Trading book sensitivities.

(€ million)							
EQUITIES ALL MARKETS	DELTA CASH-EQUIVALENT	-20%	-10%	-1%	+1%	+10%	+20%
Europe	111.0	-	-	-	1.1	-	-
USA	13.2	-	-	-	0.1	-	-
Japan	0.5	-	-	-	0.0	-	-
Asia ex-Japan	-0.5	-	-	-	0.0	-	-
Latin America	0.1	-	-	-	0.0	-	-
Other	-38.2	-	-	-	-0.4	-	-
<b>Total</b>	<b>86.2</b>	<b>-44.7</b>	<b>-7.7</b>	<b>-0.7</b>	<b>0.9</b>	<b>-2.3</b>	<b>-11.1</b>
<b>Commodity</b>	<b>-54.7</b>	<b>10.0</b>	<b>5.3</b>	<b>0.7</b>	<b>-0.5</b>	<b>-7.0</b>	<b>-14.9</b>
(€ million)							
						-30%	+30%
Equities						-18.5	14.0

### 2.2.2 Interest rate risk and price risk - Banking book

#### Qualitative information

##### Interest rate risk

##### A. General aspects, operational processes and methods for measuring interest rate risk

Interest rate risk refers to the current or future risk to the bank's capital and earnings arising from unfavorable movements in interest rates that affect the bank's positions. As interest rates change, the present value and timing of future cash flows change and this, in turn, changes the underlying value of a bank's assets, liabilities and off-balance sheet items and therefore its economic value. Changes in interest rates also affect the formation of the interest margin and, consequently, the bank's profits.

Interest rate risk monitoring and management procedures are applied to all positions sensitive to changes in interest rates, excluding:

- The banking book held for trading;
- Defined Benefit Obligations (DBO) portfolio.

The Group Financial and Credit Risk Committee is responsible for defining the operational strategy for managing the interest rate risk of the banking book, including the strategy for managing the capital and the structural gap between assets and liabilities not sensitive to the interest rate.

The management of the interest rate risk of the Banking book is aimed at guaranteeing the reduction of the negative impacts on the long-term interest margins, due to the volatility of interest rates, to achieve a flow of profits and a returns on capital consistent with the strategic plan. The strategy does not envisage any directional or discretionary positioning aimed at generating additional profits, unless approved by the competent bodies and monitored separately. The only exception is for the functions authorised to take positions on interest rates within the limits approved by the Risk Committees.

The treasury functions manage the interest rate risk deriving from commercial transactions while maintaining the exposure within the limits set by the Risk Committees.

Limits and alert thresholds are defined for each Bank or Group Company in terms of sensitivity to the economic value or interest margin. The set of metrics is defined according to the level of complexity of the Company's business.

Each of the banks or companies of the Group is responsible for managing the exposure to interest rate risk within the defined limits. At consolidated level, the Group Risk Management function is responsible for measuring interest rate risk, which reports to the Group Financial and Credit Risk Committee the interest rate risk of the banking book exposures and analysis, on a monthly basis.

The interest rate risk management strategy is established considering also the main impacts deriving from the behavioral aspects of customers, which can impact on the value of interest margins and the economic value of the banking book, such as the example of early repayments of disbursed loans ("prepayment") and the stability of on demand items.

The monitoring activity is coupled with constant Stress Testing aimed at verifying compliance with the limits under more severe stress scenarios from those expected and present by the market. The calibration and monitoring of stress test scenarios takes place at least annually.

The Internal Validation functions periodically carries out an independent assessment of the correct application of the measurement methodology applied by the risk functions within the monitoring perimeter of the banking book including behavioral assumptions.

The Audit functions ensure the adequacy and compliance with regulatory and internal regulations, at least with an annual frequency.

## Part E - Information on risks and hedging policies

The Group measures and monitors interest rate risk every day. The main sources of interest rate risk can be classified as follows:

- “Gap” risk: arises from the term structure of the banking book; this is the risk that is generated from different timings in the rate changes of the instruments. The extent of the change in the “gap” also depends on the linearity of the change in the term structure of rates, which can occur consistently across the entire rate curve (parallel risk) or differently from period to period of the curve (non-parallel risk). The “gap” risk also includes the repricing risk, i.e. the risk of changes in the interest margin which occurs when the rate of a financial contract resets; the same also refers to the yield curve risk, which occurs when a shift in an interest rate curve impacts the economic value of the assets and liabilities sensitive to interest rate risk.
- Basis risk: it can be divided into two types of risk:
  - “tenor” risk: derives from the mismatch between the maturity of the instrument and changes in interest rates;
  - currency risk: derives from the potential lack of compensation between interest rate sensitivities emerging from different currencies;
- Option risk: derives from positions in derivatives or from optional elements incorporated in many assets, liabilities and off-balance sheet items of the bank, where either the bank or the customer have the right to change the amount and timing of cash flows.

The measurement of interest rate risk includes:

- the sensitivity analysis of interest margins to changes in interest rates: a constant balance sheet analysis (under the assumption that positions remain constant during the period), and a simulation of the impact on the interest margin for the current period, that also considering the elasticity assumptions for items on demand. Furthermore, with the simulation analysis is assessed the impact on income of different shocks of the interest rate curves, including an instantaneous and parallel rate hike scenario of +100bps and a rate fall scenario of -100bps or lower in a function of the level of rates in the individual currencies as required by the EBA regulations. Additional scenarios are simulated to consider basis risk and other non-parallel shocks;
- the analysis of the sensitivity of the Economic Value to changes in interest rates: it includes the calculation of duration measures, sensitivity of the economic value of the balance sheet items for the different points of the curve, as well as the impact on the economic value deriving from large changes in market rates, according to the scenarios of the “Supervisory Outlier Test” required by the EBA regulation (EBA/GL/2018/02).

The interest rate risk is monitored daily in terms of the sensitivity of the economic value, for an instantaneous and parallel shock of +1 basis point of the term structure of the interest rates. The function responsible for managing interest rate risk, checks on a daily basis the use of the limits for exposure to interest rate risk following a 1bp shock. The basis risk and the risk emerging from options are, respectively measured by the “IR Basis” and “IR Vega” metrics. On a monthly basis, the sensitivity of the Economic Value is monitored for more severe parallel and non-parallel shocks on the term structure of interest rates and that of the interest margin, as described in the previous paragraph.

The assumptions and parameters of the behavioral models used for the internal measurement systems are the same used to generate the regulatory exposures published in EU IRRBB1 tables.

The mitigation of the interest rate risk and the hedging activities of the banking book are carried out through the use of regulated or Over the Counter (OTC) derivatives with an underlying interest rate. The optimization of the natural hedge of the assets with the bank's liabilities is managed by the Group Treasury function and the single legal entities. The interest rate risk is mainly transferred within the trading book of UniCredit Bank AG, which optimises the UniCredit group's hedging costs and outsources them to the market.

Derivative contracts hedging the interest rate risk of the banking book not held for trading are recognised in the accounts as cash flow hedges or fair value hedges.

The presence and effects of behavioral options in the balance sheet are taken into consideration through the development and application of behavioral models. The maturity profile as well as the average maturity of repricing of maturity deposits take into account the identification of the “stable” portion of the balances, or the amount of the deposit that could represent a stable source of financing despite the short contractual maturity, or the identification of the “core” part of the deposits, that is the amount of the deposits which is stable and difficult to revalue even in the presence of significant changes in the context of interest rates, determined through the statistical evaluation of the stability of the volume and elasticity of the customer rate (i.e. the beta parameter).

The maturity profile, as well as the average repricing maturity of mortgages and retail loans, both take into account the optionality of the advance payment, which is assessed through the statistical estimate of the CPR (conditional early repayment rate) on the loan portfolio.

The estimates on the sensitivity of the interest income in the templates below assume static balance sheet size and structure, no management actions and constant foreign exchange rates.

The scenarios used in the EU IRRBB1 template related to the change in economic value correspond to the scenarios of the “Supervisory Outlier Test” required by the EBA regulation (EBA/GL/2018/02). The scenarios used for the sensitivity of the interest margin reported in the EU IRRBB1 template were defined as follows:

- parallel up: parallel shock of +100bps on all interest rate curves, for all currencies;
- parallel down: parallel downward shock in interest rates 100bps or lower depending on the level of interest rates in the individual currencies (CHF, EUR, BAM and BGN -25bps; JPY, HRK -50bps; HUF, RON -75bps).



## Part E - Information on risks and hedging policies

The average repricing maturity assigned to non-maturity deposits is 2.2 years.

The longest repricing maturity assigned to non-maturity deposits is 20 years.

### Price risk

#### A. General aspects, operational processes and methods for measuring price risk

Banking Book price risk primarily originates from equity interests held by the Parent Company and its subsidiaries as stable investments, as well as units in mutual investment funds not included in the Trading Book as they are also held as stable investments.

As regards Stress Test refer to the introduction on Risk Management Strategies and Processes paragraph and for the complex scenarios' description to Stress Test paragraph, Part E - Information on risks and hedging policies, 2.2 Market risk.

### Quantitative information

#### 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2021							INDEFINITE MATURITY
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	
<b>1. On-balance sheet assets</b>	<b>97,132</b>	<b>257,681</b>	<b>39,201</b>	<b>36,859</b>	<b>161,106</b>	<b>67,781</b>	<b>44,453</b>	<b>100</b>
1.1 Debt securities	695	20,288	8,040	13,354	74,764	29,640	11,079	-
- With prepayment option	-	98	39	12	662	481	108	-
- Other	695	20,190	8,001	13,342	74,102	29,159	10,971	-
1.2 Loans to banks	2,287	74,699	2,033	1,416	2,961	154	93	-
1.3 Loans to customers	94,150	162,694	29,128	22,089	83,381	37,987	33,281	100
- Current accounts	23,207	1,422	235	99	262	14	449	-
- Other loans	70,943	161,272	28,893	21,990	83,119	37,973	32,832	100
- With prepayment option	11,966	53,547	9,911	4,584	22,371	9,781	11,940	-
- Other	58,977	107,725	18,982	17,406	60,748	28,192	20,892	100
<b>2. On-balance sheet liabilities</b>	<b>445,700</b>	<b>96,489</b>	<b>29,242</b>	<b>22,459</b>	<b>139,320</b>	<b>25,504</b>	<b>15,603</b>	<b>7</b>
2.1 Deposits from customers	426,178	53,819	4,892	8,188	3,455	1,838	1,272	2
- Current accounts	416,903	145	2	3	15	19	35	-
- Other	9,275	53,674	4,890	8,185	3,440	1,819	1,237	2
- With prepayment option	121	-	-	-	-	-	-	-
- Other	9,154	53,674	4,890	8,185	3,440	1,819	1,237	2
2.2 Deposits from banks	16,793	20,933	17,097	1,239	101,400	4,546	445	-
- Current accounts	10,571	6	-	1	5	-	-	-
- Other	6,222	20,927	17,097	1,238	101,395	4,546	445	-
2.3 Debt securities in issue	1,166	20,158	7,185	12,797	33,966	18,950	13,856	4
- With prepayment option	32	840	7	531	1,867	2,192	611	4
- Other	1,134	19,318	7,178	12,266	32,099	16,758	13,245	-
2.4 Other liabilities	1,563	1,579	68	235	499	170	30	1
- With prepayment option	3	-	-	-	-	-	-	-
- Other	1,560	1,579	68	235	499	170	30	1
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	1	234	94	8	10	285	46	-
+ Short positions	1	72	40	39	216	257	111	-
- Other derivatives								
+ Long positions	-	93	-	-	1	-	-	-
+ Short positions	-	93	-	-	1	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	354	5	341	843	86	1,123	-
+ Short positions	-	304	19	386	910	142	1,242	-
- Other derivatives								
+ Long positions	50,105	215,043	39,169	76,640	121,278	43,839	17,819	-
+ Short positions	91,980	187,454	39,353	85,209	115,893	22,312	18,954	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	93,616	33,719	3,221	4,484	6,484	1,813	4,360	188
+ Short positions	107,377	25,589	3,072	3,948	3,403	764	3,545	188

## Part E - Information on risks and hedging policies

## 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2021							INDEFINITE MATURITY
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	
<b>1. On-balance sheet assets</b>	<b>83,130</b>	<b>227,408</b>	<b>34,526</b>	<b>30,488</b>	<b>141,351</b>	<b>59,104</b>	<b>40,861</b>	<b>80</b>
1.1 Debt securities	665	18,826	7,425	10,096	65,533	24,539	8,524	-
- With prepayment option	-	98	39	12	638	481	108	-
- Other	665	18,728	7,386	10,084	64,895	24,058	8,416	-
1.2 Loans to banks	2,000	62,262	1,180	1,312	1,991	154	93	-
1.3 Loans to customers	80,465	146,320	25,921	19,080	73,827	34,411	32,244	80
- Current accounts	21,000	627	212	82	260	14	440	-
- Other loans	59,465	145,693	25,709	18,998	73,567	34,397	31,804	80
- With prepayment option	11,802	50,304	9,008	4,511	21,996	9,464	11,891	-
- Other	47,663	95,389	16,701	14,487	51,571	24,933	19,913	80
<b>2. On-balance sheet liabilities</b>	<b>396,818</b>	<b>78,225</b>	<b>26,262</b>	<b>20,737</b>	<b>134,820</b>	<b>23,831</b>	<b>10,822</b>	<b>2</b>
2.1 Deposits from customers	380,413	44,244	3,843	6,578	2,911	1,761	1,177	1
- Current accounts	371,689	57	-	-	-	-	33	-
- Other	8,724	44,187	3,843	6,578	2,911	1,761	1,144	1
- With prepayment option	121	-	-	-	-	-	-	-
- Other	8,603	44,187	3,843	6,578	2,911	1,761	1,144	1
2.2 Deposits from banks	14,017	15,488	16,611	1,191	101,260	4,443	444	-
- Current accounts	9,584	6	-	1	4	-	-	-
- Other	4,433	15,482	16,611	1,190	101,256	4,443	444	-
2.3 Debt securities in issue	1,032	16,916	5,741	12,736	30,165	17,460	9,173	-
- With prepayment option	32	840	7	531	1,867	2,192	611	-
- Other	1,000	16,076	5,734	12,205	28,298	15,268	8,562	-
2.4 Other liabilities	1,356	1,577	67	232	484	167	28	1
- With prepayment option	3	-	-	-	-	-	-	-
- Other	1,353	1,577	67	232	484	167	28	1
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	1	234	94	8	10	285	46	-
+ Short positions	1	72	40	39	216	257	111	-
- Other derivatives								
+ Long positions	-	-	-	-	1	-	-	-
+ Short positions	-	-	-	-	1	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	338	5	341	843	86	1,123	-
+ Short positions	-	130	19	386	910	142	1,242	-
- Other derivatives								
+ Long positions	50,099	209,275	37,248	75,008	118,598	43,242	17,819	-
+ Short positions	91,974	182,698	38,259	82,445	110,974	21,699	18,954	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	88,836	32,973	2,401	2,686	4,774	1,041	2,168	64
+ Short positions	102,228	24,807	2,251	2,166	1,729	331	1,368	64

## Part E - Information on risks and hedging policies

## 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: other currencies

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2021							INDEFINITE MATURITY
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	
<b>1. On-balance sheet assets</b>	<b>14,002</b>	<b>30,273</b>	<b>4,675</b>	<b>6,371</b>	<b>19,755</b>	<b>8,677</b>	<b>3,592</b>	<b>20</b>
1.1 Debt securities	30	1,462	615	3,258	9,231	5,101	2,555	-
- With prepayment option	-	-	-	-	24	-	-	-
- Other	30	1,462	615	3,258	9,207	5,101	2,555	-
1.2 Loans to banks	287	12,437	853	104	970	-	-	-
1.3 Loans to customers	13,685	16,374	3,207	3,009	9,554	3,576	1,037	20
- Current accounts	2,207	795	23	17	2	-	9	-
- Other loans	11,478	15,579	3,184	2,992	9,552	3,576	1,028	20
- With prepayment option	164	3,243	903	73	375	317	49	-
- Other	11,314	12,336	2,281	2,919	9,177	3,259	979	20
<b>2. On-balance sheet liabilities</b>	<b>48,882</b>	<b>18,264</b>	<b>2,980</b>	<b>1,722</b>	<b>4,500</b>	<b>1,673</b>	<b>4,781</b>	<b>5</b>
2.1 Deposits from customers	45,765	9,575	1,049	1,610	544	77	95	1
- Current accounts	45,214	88	2	3	15	19	2	-
- Other	551	9,487	1,047	1,607	529	58	93	1
- With prepayment option	-	-	-	-	-	-	-	-
- Other	551	9,487	1,047	1,607	529	58	93	1
2.2 Deposits from banks	2,776	5,445	486	48	140	103	1	-
- Current accounts	987	-	-	-	1	-	-	-
- Other	1,789	5,445	486	48	139	103	1	-
2.3 Debt securities in issue	134	3,242	1,444	61	3,801	1,490	4,683	4
- With prepayment option	-	-	-	-	-	-	-	4
- Other	134	3,242	1,444	61	3,801	1,490	4,683	-
2.4 Other liabilities	207	2	1	3	15	3	2	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	207	2	1	3	15	3	2	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	93	-	-	-	-	-	-
+ Short positions	-	93	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	16	-	-	-	-	-	-
+ Short positions	-	174	-	-	-	-	-	-
- Other derivatives								
+ Long positions	6	5,768	1,921	1,632	2,680	597	-	-
+ Short positions	6	4,756	1,094	2,764	4,919	613	-	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	4,780	746	820	1,798	1,710	772	2,192	124
+ Short positions	5,149	782	821	1,782	1,674	433	2,177	124

## Part E - Information on risks and hedging policies

### 2. Banking book: internal models and other methods for sensitivity analysis

#### Interest rate risk

As of 31 December 2021, the sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200bps and -200bp was respectively equal to -€3,875 million and -€33 million. The sensitivity to interest rates changes for the worst-of-six "Supervisory Outlier Test", as envisioned by EBA guideline (EBA/GL/2018/02) was equal to -€4,082 million.

The interest income sensitivity to an immediate and parallel shift of +100bps was +€771 million, whilst the immediate change to a parallel downward shift of interest rate of -100bp (or less, according to the interest rates level of each currency) was equal to -€239 million.

The changes in the sensitivity value of the Economic Value between end-of-December 2020 and end-of-December 2021, observable in the table EU IRRBB1 below, are driven by further execution of our hedging strategy for the replicating portfolio in the banking book across the Group.

#### Template EU IRRBB1 - Interest rate risks of non-trading book activities

(€ million)

SUPERVISORY SHOCK SCENARIOS		a	b	c	d
		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE NET INTEREST INCOME	
		12.31.2021	12.31.2020	12.31.2021	12.31.2020
1	Parallel up	(4,082)	(210)	771	1,116
2	Parallel down	77	(1,137)	(239)	(351)
3	Steeper	26	252		
4	Flattener	(948)	(726)		
5	Short rates up	(1,898)	(512)		
6	Short rates down	342	(177)		

The decrease in the sensitivity of the net interest income for the following scenarios between end-of-December 2020 and end-of-December 2021 is mostly driven by further execution of our hedging strategy for the replicating portfolio in the banking book across the Group, mainly UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria AG. In addition to that, the changes in the Parallel Up and Parallel Down scenarios were affected by the steepening of EUR interest rate curve and increase of repo rate in Czech Republic during the fourth quarter of 2021.

#### Template EU IRRBB2 - Sensitivity of the net interest income to the +/-10bps scenarios

		(€ million)	
INTEREST RATE RISK SCENARIOS		a	b
		CHANGES OF THE NET INTEREST INCOME	
		12.31.2021	12.31.2020
1	NII +10bps	79	122
2	NII -10bps	(78)	(125)

#### Template EU IRRBB3 - Sensitivity of the net interest income to the Parallel Up scenario

(€ million)

SCENARIO PER CURRENCY		a	b
		CHANGES OF THE NET INTEREST INCOME	
		12.31.2021	12.31.2020
1	Total	771	1,116
2	EUR	686	1,085
3	CZK	21	46
4	HRK	40	45
5	HUF	25	6
6	Other currencies	-	(65)

## Part E - Information on risks and hedging policies

## Template EU IRRBB4 - Sensitivity of the net interest income to the Parallel Down scenario

		(€ million)	
		a	b
		CHANGES OF THE NET INTEREST INCOME	
SCENARIO PER CURRENCY		12.31.2021	12.31.2020
1	Total	(239)	(351)
2	EUR	(166)	(345)
3	CZK	(21)	(4)
4	HRK	(20)	(20)
5	HUF	(19)	(9)
6	Other currencies	(14)	27

## 2.2.3 Exchange rate risk

## Qualitative information

## A. General aspects, risk management processes and measurement methods

Exchange rate risk originates both from banks in the Group operating in currency areas other than the Eurozone and from positions taken by specialist centres holding the Group's market risk within the limits assigned.

Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC. Volatility trading strategies are implemented using options. Exchange rate risk is constantly monitored and measured by using internal models developed by Group companies.

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to the introduction on internal models. These models are also used to calculate capital requirements on market risks due to the exposure to such risk.

As regards Stress Test refer to the introduction on Risk Management Strategies and Processes paragraph and for the complex scenarios' description to Stress Test paragraph, Part E - Information on risks and hedging policies, 2.2 Market risk.

## B. Hedging exchange rate risk

The exchange risk hedging activity within the Trading book is aimed at keeping the FX risk within the defined Granular and Global limits.

Regarding banking book, the Group adopts hedge strategies for profits and dividends arising from its subsidiaries not belonging to the euro zone, taking into account market circumstances for the hedging strategies.



## Part E - Information on risks and hedging policies

### Quantitative information

#### 1. Distribution by currency of assets and liabilities and derivatives

(€ million)

ITEMS	AMOUNTS AS AT 12.31.2021					
	CURRENCIES					
	U.S. DOLLAR	SWITZERLAND FRANC	JAPAN YEN	BRITISH POUND	CZECH CROWN	OTHER CURRENCIES
<b>A. Financial assets</b>	<b>40,162</b>	<b>8,713</b>	<b>10,791</b>	<b>3,279</b>	<b>437</b>	<b>2,671</b>
A.1 Debt securities	12,593	361	10,462	555	-	301
A.2 Equity securities	1,853	294	102	991	-	697
A.3 Loans to banks	4,435	2,592	65	112	102	442
A.4 Loans to customers	21,250	5,443	162	1,614	334	1,219
A.5 Other financial assets	31	23	-	7	1	12
<b>B. Other assets</b>	<b>3,435</b>	<b>10</b>	<b>5</b>	<b>173</b>	<b>9</b>	<b>350</b>
<b>C. Financial liabilities</b>	<b>47,781</b>	<b>907</b>	<b>144</b>	<b>3,300</b>	<b>453</b>	<b>2,909</b>
C.1 Deposits from banks	8,770	31	7	1,658	2	397
C.2 Deposits from customers	23,738	716	98	1,556	303	2,206
C.3 Debt securities in issue	15,197	158	38	20	145	282
C.4 Other financial liabilities	76	2	1	66	3	24
<b>D. Other liabilities</b>	<b>208</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>13</b>
<b>E. Financial derivatives</b>						
- Options						
+ Long positions	6,948	121	4	1,410	45	1,370
+ Short positions	7,017	71	19	1,410	70	220
- Other derivatives						
+ Long positions	320,679	63,317	35,038	110,344	19,156	48,669
+ Short positions	170,806	20,905	17,930	24,225	5,316	29,468
<b>Total assets</b>	<b>371,224</b>	<b>72,161</b>	<b>45,838</b>	<b>115,206</b>	<b>19,647</b>	<b>53,060</b>
<b>Total liabilities</b>	<b>225,812</b>	<b>21,884</b>	<b>18,094</b>	<b>28,939</b>	<b>5,840</b>	<b>32,610</b>
<b>Difference (+/-)</b>	<b>145,412</b>	<b>50,277</b>	<b>27,744</b>	<b>86,267</b>	<b>13,807</b>	<b>20,450</b>

#### 2. Internal models and other methodologies for sensitivity analysis

Transactional FX risk (impact of fluctuations in foreign exchange rates on the Group's Profit & Loss in the period) measurement and reporting is part of the Group's market risk framework.

In UGM, transactional exchange risk exposures are incorporated in the relevant risk calculation, limit monitoring and reporting. Every Legal Entity is required to setup, as part of the respective Market Risk framework, a sound limit system for managing and controlling Transactional Exchange Risk. As a minimum requirement, the limit system shall envisage FX Delta limits for the main currencies which the business is exposed to or for aggregation of currencies.

FX Delta limits are part of the Granular Market Risk Limits and are ruled by the Group Policy "Market Risk Limits".

#### Credit spread risk

##### Qualitative information

##### A. General aspects

Risk relating to credit spreads and related credit derivative products included in Trading book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.

Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC.

##### B. Risk management processes and measurement methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to introduction on internal models, Part E - Information on risks and hedging policies, 2.2 Market risk.

As regards stress Test refer to the introduction on "Risk management strategies and processes" and for the complex scenarios' description to "Stress test" paragraph, Part E - Information on risks and hedging policies, 2.2 Market risk.

## Part E - Information on risks and hedging policies

### Quantitative information

#### Credit spread sensitivity

Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1bp/+10bp/+100bps in the credit spread curves.

These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves, and in respect of specific rating classes and economic sectors.

The table below shows Trading book sensitivities.

(€ million)

	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	+10BP	+100BP
<b>Total</b>	-0.0	0.0	-0.1	0.6	-0.3	0.0	0.0	0.2	2.3	20.1
<b>Rating</b>										
AAA	-0.0	-0.0	-0.0	0.1	-0.1	-0.0	0.1	0.1	0.7	4.0
AA	-0.0	-0.0	-0.0	-0.0	-0.1	0.0	-0.1	-0.2	-2.2	-20.5
A	-0.0	-0.0	-0.0	0.2	0.0	-0.1	0.0	0.1	1.3	12.6
BBB	-0.0	0.0	-0.1	0.3	-0.2	0.1	0.0	0.3	2.6	24.7
BB	-0.0	0.0	-0.0	0.0	-0.0	-0.0	-0.0	-0.0	-0.2	-1.6
B	0.0	-0.0	0.0	0.0	-0.0	0.0	0.0	-0.0	-0.0	-0.1
CCC and NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.9
<b>Sector</b>										
<b>Sovereigns &amp; Related</b>	-0.0	0.0	-0.1	0.0	-0.2	0.1	-0.0	-0.2	-2.5	-26.0
<b>ABS and MBS</b>	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	0.0	-0.0	-0.0	-0.5
<b>Financial Services</b>	-0.0	0.0	0.0	-0.1	-0.1	-0.1	0.0	-0.1	-1.4	-12.9
<b>All Corporates</b>	-0.0	0.0	-0.0	0.6	-0.0	-0.0	-0.0	0.6	6.2	59.4
Basic Materials	0.0	0.0	0.0	0.1	-0.0	0.0	0.0	0.1	0.6	5.8
Communications	-0.0	-0.0	0.0	0.1	-0.0	-0.0	0.0	0.1	1.1	10.5
Consumer Cyclical	-0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	1.0	9.3
Consumer Non cyclical	-0.0	0.0	-0.0	0.1	-0.0	-0.0	0.0	0.1	1.4	13.2
Energy	0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	0.0	0.3	3.0
Technology	0.0	-0.0	-0.0	0.0	-0.0	-0.0	0.0	-0.0	-0.0	-0.3
Industrial	-0.0	-0.0	-0.0	0.1	-0.0	0.0	-0.0	0.1	0.8	8.1
Utilities	-0.0	0.0	-0.0	0.1	-0.0	0.0	-0.0	0.1	1.0	9.9
All other Corporates	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

#### Stress test

Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

The description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors is reported below. For the description of simple scenarios, refer to the previous paragraphs.

As far as complex scenarios are concerned, different scenarios have been applied to the whole Group Trading book on a monthly basis and reported to the Top Management.

#### Pandemic Scenario

In this scenario, we assume that virus mutation will cause Europe and the US to face a new severe wave of the pandemic. This will force governments to reintroduce restrictions to mobility and business activity. Despite a lower vaccination rate, we assume that the US will adopt less stringent measures than the eurozone countries, similarly to the previous waves. We also assume that some sort of herd immunity is only reached towards the end of the forecasting horizon.

Eurozone GDP would increase by 2.6% in 2022 (-1.7pp compared to baseline), followed by an expansion of only 0.4% in 2023 (-1.7pp) and 0.7% in 2024 (-1.0pp). By the end of 2024, eurozone GDP would remain well below its pre-crisis trend line.

## Part E - Information on risks and hedging policies

Disinflationary forces materialize, as demand weakness and a widening of the difference between the potential and actual GDP (output gap) prevails over supply-side disruption. Together with lower oil prices, this puts downward pressure on inflation. Throughout the forecasting horizon, eurozone headline inflation fluctuates around 1.5%, below the 2% ECB target over the medium term.

Monetary policy responds to the deterioration in the outlook for growth and inflation and to any potential threat to the transmission mechanisms of monetary policy. We assume that the ECB does not cut the depo rate as the central bank judges that the negative impact on banks' profitability in such environment would outweigh the positive effects of a rate cut on the real economy. Therefore, it is assumed that all the burden of the additional monetary expansion will be on asset purchases, most probably through an increase of the envelope of the Pandemic Emergency Purchase Programme (PEPP), and on TLTRO. Favorable conditions for TLTRO are likely to remain in place throughout 2023 to preserve low funding costs for the banking sector.

The shock would lead to deteriorating market sentiment. As a result, we assume richening of core sovereign bonds relative to swaps and more in general wider credit spreads, both for weaker sovereigns and for corporates (around 150bp for Auto and Industrials while 80bp for Pharma and Telecom). Equity markets are expected to come under pressure as well, with drawdowns of 15/20%. Because of the central bank reaction, we expect that part of the initial shock would be reabsorbed during the first year.

In FX, the EUR-USD would decline by 10% as soon as the shock materializes, to recover some ground over the exercise horizon. We also expect the EUR-CHF to decline, but by a more moderate 5%. In both cases, FX moves would reflect the deterioration in risk appetite.

### *Pandemic Scenario + Sovereign Stress*

In this scenario, we assume that virus mutation will cause further pandemic waves. Immunity achieved through vaccines proves to be short-lived, and we assume a relatively high number of adverse reactions to booster doses. These two factors lead to "vaccination fatigue" and progressively reduce popular support for current vaccination strategies of governments. Governments will have no choice but to continue to push ahead with strongly expansionary policies to mitigate the pace of job-shedding, to slow the rise in corporate defaults and to preserve social stability. The ECB is expected to remain in the market with the PEPP and TLTRO with generous conditions throughout the three-year horizon. Despite ongoing large-scale ECB intervention, the further build-up of public sector debt and prospects of a slow recovery put downward pressure on the sovereign rating of the weakest eurozone countries.

In this context, after contracting by 6.5% in 2020, eurozone GDP would expand by 1.2% in 2022 (-3.1pp compared to baseline), followed by a 1% contraction in 2023 (3.1pp) and stagnation in 2024 (-1.7pp). By the end of 2024, no eurozone country would recover its pre-crisis level of economic activity.

Demand weakness clearly prevails over supply-side disruption, leading to a sizeable widening of the difference between the potential and actual GDP (output gap) which, together with lower oil prices, puts material downward pressure on inflation. After averaging 2.3% in 2021, headline inflation settles at just above 1% in 2022-23. This is well below the 2% ECB target over the medium term.

Monetary policy responds forcefully to the deterioration in the outlook for growth and inflation, and to the rising risks to the transmission mechanisms of monetary policy as sovereign stress pushes spreads wider. We assume that the ECB does not cut the depo rate as the central bank judges that the negative impact on banks' profitability in such environment would outweigh the positive effects of a rate cut on the real economy. Therefore, it is assumed that all the burden of the additional monetary expansion will be on asset purchases, most probably through a big increase of the envelope of the Pandemic Emergency Purchase Programme (PEPP), and on TLTRO. With its flexibility, the PEPP is the ideal tool to face a combination of negative macro developments coupled with intensification of sovereign stress. Given that the ECB remains fully committed to preserving a reasonably smooth functioning of the transmission mechanism, it is assumed that front-loading of purchases after a rating shock allows bringing the BTP-Bund spread down to an acceptable level that is consistent with such transmission not being derailed. Favorable conditions for TLTRO are likely to remain in place throughout 2023 to preserve low funding costs for the banking sector.

The shock would lead to deteriorating market sentiment. As a result, we assume richening of core sovereign bonds relative to swaps and more in general wider credit spreads, both for weaker sovereigns and for corporates (around 300bp for Auto and Industrials while 150bp for Pharma and Telecom). Equity markets are expected to come under pressure as well, with drawdowns of 25/40%. Because of the central bank reaction, we expect that part of the initial shock would be reabsorbed during the first year.

In FX, the EUR-USD would decline by 20% as soon as the shock materializes, to recover some ground over the exercise horizon. We also expect the EUR-CHF to decline, but by a more moderate 10%. In both cases, FX moves would reflect the deterioration in risk appetite.

## Part E - Information on risks and hedging policies

### Severe inflation Scenario

In this scenario, we assume that commodity-price shocks and disruption to supply chains lead to a longer-than-expected period of high inflation. Inflation expectations react to the shock and become de-anchored while wage-growth picks up materially, contributing to keeping inflation well above target levels and triggering a forceful response by central banks. Tighter financial conditions create big downward pressure on economic activity and lead to wider credit spreads.

In the eurozone, GDP growth would slow to 1.7% in 2022 (-2.6pp compared to baseline), followed by a contraction of 0.8% in 2023 (-2.9pp) and meager expansion of only 0.4% in 2024 (-1.3pp). By the end of 2024, GDP would be broadly in line with its pre-pandemic level.

Monetary policy responds forcefully to persistently high inflation and the de-anchoring of inflation expectations. The ECB stops net asset purchases in early-2022 and hikes the deposit rate to zero by end-2022, and the refi rate to 0.75% by end-2023. TLTRO conditions are tightened measurably after June 2022 and banks repay the bulk of the liquidity obtained through this facility. The Fed hikes rates by a cumulative 200bp more than in the baseline. Tighter financial conditions create big downward pressure on economic activity.

The estimated impact on the real estate market is positive for the residential sector, negative for commercial real estate. House prices would benefit as households seek real assets to avoid erosion of the purchasing power of the substantial savings they hold in bank accounts, at a time of severe turmoil in the equity market. Moreover, households are generally less indebted than firms, therefore they are less vulnerable to higher mortgage costs. Instead, prices of commercial real estate would suffer, reflecting a hit to corporate profitability caused by the recessionary environment and a higher cost of debt refinancing.

This scenario is particularly negative for BTPs, which suffer from higher ECB policy rates, no further Quantitative Easing and a recessionary environment. We expect a significant widening (210bp) as soon as the shock occurs, with a retracement afterwards. Credit will be adversely affected by higher inflation but the fact that the GDP will grow moderately, is a supportive factor for credit. As such the impact on spreads should be more moderate than in a scenario with negative growth. Equity markets are hit by the deterioration in growth with potential drawdowns of up to 40% once the shock occurs.

In FX, the EUR-USD would decline by 16% as soon as the shock materializes, reflecting deteriorating risk appetite as well as a wider rate policy rate differential between the US and the EA. Similarly, in this scenario we expect a strengthening by the JPY and the CHF to reflect the risk off mood.

### Stress Test on Trading book

(€ million)

	END OF DECEMBER 2021		
	PANDEMIC SCENARIO	PANDEMIC SCENARIO + SOVEREIGN STRESS	SEVERE INFLATION
<b>UniCredit group total</b>	<b>-84</b>	<b>-231</b>	<b>-175</b>
RC Germany	-67	-212	-144
RC Italy	-11	-11	-24
RC Austria	-2	-3	1
RC CEE	-3	-5	-8

Conditional losses of Managerial Trading book, as defined above, have been reported. Conditional losses are mainly coming from UCB AG and are driven by negative shocks on Equities, impacting CIB Equity & Brokerage Trading and CIB X-Asset Products business lines, and positive shock on Interest Rate Volatility impacting CIB Structured FI business line.

In UniCredit S.p.A. conditional losses are mainly driven by CIB Fixed Income, Currencies & Commodities business line due to widening of Italian Government Credit Spread.

## Part E - Information on risks and hedging policies

### 2.3 Derivative instruments and hedging policies

#### 2.3.1 Trading financial derivatives

##### A Financial Derivatives

##### A.1 Trading financial derivatives: end-of-period notional amounts

(€ million)

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT CENTRAL COUNTERPARTIES WITHOUT NETTING AGREEMENT		CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT CENTRAL COUNTERPARTIES WITHOUT NETTING AGREEMENT	
<b>1. Debt securities and interest rate indexes</b>	<b>3,880,915</b>	<b>757,530</b>	<b>117,149</b>	<b>74,668</b>	<b>2,452,434</b>	<b>690,987</b>	<b>111,502</b>	<b>45,170</b>
a) Options	-	208,544	17,836	29,675	-	212,299	17,088	15,828
b) Swap	2,932,709	539,224	94,300	-	2,133,962	468,432	92,416	-
c) Forward	933,982	9,762	1,433	-	317,980	10,256	1,396	-
d) Futures	14,224	-	2,907	44,993	492	-	333	29,342
e) Other	-	-	673	-	-	-	269	-
<b>2. Equity instruments and stock indexes</b>	<b>-</b>	<b>24,948</b>	<b>2,496</b>	<b>93,089</b>	<b>-</b>	<b>24,587</b>	<b>2,388</b>	<b>93,028</b>
a) Options	-	11,604	2,086	67,132	-	18,979	2,219	66,177
b) Swap	-	13,344	87	-	-	5,608	5	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	25,941	-	-	-	26,842
e) Other	-	-	323	16	-	-	164	9
<b>3. Gold and currencies</b>	<b>211</b>	<b>354,795</b>	<b>92,457</b>	<b>298</b>	<b>807</b>	<b>348,627</b>	<b>87,010</b>	<b>363</b>
a) Options	-	40,796	8,372	-	-	51,192	7,154	-
b) Swap	-	146,740	17,799	-	-	138,708	16,584	-
c) Forward	211	56,684	38,591	131	807	54,929	40,202	222
d) Futures	-	-	-	167	-	-	-	141
e) Other	-	110,575	27,695	-	-	103,798	23,070	-
<b>4. Commodities</b>	<b>-</b>	<b>4,112</b>	<b>4,419</b>	<b>12,778</b>	<b>-</b>	<b>2,608</b>	<b>3,245</b>	<b>9,243</b>
<b>5. Other</b>	<b>-</b>	<b>1,672</b>	<b>5,483</b>	<b>6,880</b>	<b>-</b>	<b>1,251</b>	<b>3,297</b>	<b>3,396</b>
<b>Total</b>	<b>3,881,126</b>	<b>1,143,057</b>	<b>222,004</b>	<b>187,713</b>	<b>2,453,241</b>	<b>1,068,060</b>	<b>207,442</b>	<b>151,200</b>

This table refers to the notional values of financial derivatives according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.



## Part E - Information on risks and hedging policies

## A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

(€ million)

TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
1. Positive fair value								
a) Options	-	2,404	1,185	4,513	-	3,713	1,316	3,892
b) Interest rate swap	36,986	21,577	2,166	-	33,600	29,613	3,129	-
c) Cross currency swap	-	4,084	839	-	-	4,272	899	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	59	1,410	2,612	-	39	1,249	1,596	-
f) Futures	-	47	-	2,561	-	47	-	1,424
g) Other	-	2,726	623	3	-	1,580	242	2
Total	37,045	32,248	7,425	7,077	33,639	40,474	7,182	5,318
2. Negative fair value								
a) Options	-	4,129	341	5,686	-	6,764	235	4,530
b) Interest rate swap	41,964	14,695	1,492	-	39,680	19,416	2,929	-
c) Cross currency swap	-	3,871	368	-	-	4,023	428	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	52	1,762	3,257	-	29	1,549	1,354	-
f) Futures	-	-	-	4,816	-	-	1	2,031
g) Other	-	3,480	1,718	7	-	1,497	644	4
Total	42,016	27,937	7,176	10,509	39,709	33,249	5,591	6,565

This table presents distribution by product of the gross positive and negative financial derivatives' fair values according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

## Part E - Information on risks and hedging policies

## A.3 OTC trading financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2021			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	14,752	30,724	71,672
- Positive fair value	X	373	444	2,105
- Negative fair value	X	337	609	625
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	326	1,117	1,054
- Positive fair value	X	2	332	14
- Negative fair value	X	247	12	136
<b>3) Gold and currencies</b>				
- Notional amount	X	18,548	23,050	50,859
- Positive fair value	X	107	625	1,093
- Negative fair value	X	126	303	717
<b>4) Commodities</b>				
- Notional amount	X	8	562	3,849
- Positive fair value	X	2	55	1,210
- Negative fair value	X	3	96	1,403
<b>5) Other</b>				
- Notional amount	X	207	95	5,181
- Positive fair value	X	39	4	1,022
- Negative fair value	X	9	119	2,434
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	3,880,915	268,430	418,322	70,778
- Positive fair value	37,041	9,437	5,138	9,069
- Negative fair value	42,016	11,605	5,551	1,144
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	17,417	7,531	-
- Positive fair value	-	497	57	-
- Negative fair value	-	700	55	-
<b>3) Gold and currencies</b>				
- Notional amount	211	284,076	42,608	28,110
- Positive fair value	4	4,105	715	1,118
- Negative fair value	-	4,414	654	587
<b>4) Commodities</b>				
- Notional amount	-	397	571	3,145
- Positive fair value	-	14	283	1,450
- Negative fair value	-	56	435	1,876
<b>5) Other</b>				
- Notional amount	-	231	242	1,199
- Positive fair value	-	-	4	361
- Negative fair value	-	112	-	750

This table presents distribution by counterparty of the notional amount and gross positive and negative financial derivatives' fair values according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

## Part E - Information on risks and hedging policies

## A.4 OTC financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates	1,636,845	1,512,299	1,606,451	4,755,595
A.2 Financial derivative contracts on equity securities and stock indexes	10,253	8,865	8,327	27,445
A.3 Financial derivative contracts on exchange rates and hold	273,160	117,438	56,865	447,463
A.4 Financial derivative contracts on other values	5,858	2,586	88	8,532
A.5 Other financial derivatives	6,700	408	48	7,156
<b>Total 12.31.2021</b>	<b>1,932,816</b>	<b>1,641,596</b>	<b>1,671,779</b>	<b>5,246,191</b>
<b>Total 12.31.2020</b>	<b>1,272,393</b>	<b>1,234,037</b>	<b>1,222,309</b>	<b>3,728,739</b>

## B. Credit derivatives

## B.1 Trading credit derivatives: end of period notional amounts

(€ million)

CATEGORY OF TRANSACTIONS	TRADING DERIVATIVES	
	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)
<b>1. Protection buyer's contracts</b>		
a) Credit default products	894	7,641
b) Credit spread products	-	-
c) Total rate of return swap	64	-
d) Other	-	-
<b>Total 12.31.2021</b>	<b>958</b>	<b>7,641</b>
<b>Total 12.31.2020</b>	<b>1,325</b>	<b>3,374</b>
<b>2. Protection seller's contracts</b>		
a) Credit default products	862	6,199
b) Credit spread products	-	-
c) Total rate of return swap	377	-
d) Other	-	-
<b>Total 12.31.2021</b>	<b>1,239</b>	<b>6,199</b>
<b>Total 12.31.2020</b>	<b>2,083</b>	<b>2,346</b>

This table refers to the notional values of credit derivatives according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

## B.2 Trading credit derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPES OF DERIVATIVE INSTRUMENTS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Positive fair value</b>		
a) Credit default products	204	80
b) Credit spread products	-	-
c) Total rate of return swap	2	2
d) Other	-	-
<b>Total</b>	<b>206</b>	<b>82</b>
<b>2. Negative fair value</b>		
a) Credit default products	251	134
b) Credit spread products	-	-
c) Total rate of return swap	84	157
d) Other	-	-
<b>Total</b>	<b>335</b>	<b>291</b>

This table presents distribution by product of the gross positive and negative credit derivatives' fair values according to classification within the accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

## Part E - Information on risks and hedging policies

## B.3 OTC trading credit derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

	AMOUNTS AS AT 12.31.2021			
	CENTRAL COUNTERPARTIES	BANKS	FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Protection buyer's contracts</b>				
- Notional amount	X	230	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	9	-	-
<b>2) Protection seller's contracts</b>				
- Notional amount	X	377	-	-
- Positive fair value	X	2	-	-
- Negative fair value	X	82	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Protection buyer's contracts</b>				
- Notional amount	-	424	7,946	-
- Positive fair value	-	5	1	-
- Negative fair value	-	3	234	-
<b>2) Protection seller's contracts</b>				
- Notional amount	-	515	6,546	-
- Positive fair value	-	8	189	-
- Negative fair value	-	6	2	-

This table presents distribution by counterparty of the notional amount and gross positive and negative credit derivatives' fair values according to classification within the accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

## B.4 OTC trading credit derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY		OVER 1 YEAR UP TO 5 YEARS			TOTAL
		UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	
1. Protection buyer's contracts		681	6,631	126	7,438
2. Protection seller's contracts		421	8,012	166	8,599
<b>Total 12.31.2021</b>		<b>1,102</b>	<b>14,643</b>	<b>292</b>	<b>16,037</b>
<b>Total 12.31.2020</b>		<b>2,655</b>	<b>6,221</b>	<b>252</b>	<b>9,128</b>

This table refers to the notional values of credit derivatives according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to Regulatory consolidation.

## B.5 Credit derivatives linked to fair value option: annual changes

No data to be disclosed.

## 2.3.2 Hedging policies

## Qualitative information

Hedging derivative transactions are used to manage the exposure to market risks and volatility of financial outcomes that arise as part of our normal business operations and are executed in accordance with internal policies.

Derivatives are mainly used to manage the banking book interest rate risk with the following goals:

- to reduce banking book interest rate risk profile according to *Risk Appetite Framework* approved by the Board of Directors and limits defined by relevant Committees or risk functions. Within *Risk Appetite Framework*, the banking book exposure to interest rate risk is defined either in terms of *Net Interest Income Sensitivity* or *Economic Value Sensitivity*;
- to optimise the natural hedge between the risk profile of assets and liabilities using derivatives to manage the mismatch, even temporary, between the volume and the rates of assets and liabilities with different repricing schedules;
- to minimise the net exposure of derivatives used as economic hedges of the most stable portion of either assets or liabilities subject to hedge accounting, thereby reducing the associated transaction cost.

## Part E - Information on risks and hedging policies

### *A Fair value hedging activities*

The objective of fair value hedge on assets/liabilities is to hedge the exposure to changes in fair value coming from the embedded risk factor subject to a hedging transaction.

The fair value hedge is applied both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, fixed rate loans and non-maturity deposits or other fixed rate liabilities).

The hedging relationship is classified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

The hedging strategy on identified financial instruments classified as *Held-to-Collect* (HTC) and *Held-to-Collect & Sell* (HTCS) considers the contractual features of each instruments and business intent.

The hedging strategy on portfolios of financial instruments refers to the amounts of money contained in the portfolio of interest rate exposures that are not already subject to "micro/specific" hedging and mirrors to the nominal amount and financial conditions of hedging derivatives.

The objective of fair value hedge on assets/liabilities denominated in foreign currency could refer to hedge the exposure to changes in fair value by converting to Euro denominated assets/liabilities.

The hedging instruments used mainly consist of Interest Rate Swaps, Basis Swaps, Caps, Floors, and Cross Currencies Swaps.

### *B. Cash flow hedging activities*

The objective of cash flow hedge on floating rate assets/liabilities is to hedge the exposure to changes in cash flows from borrowings/lending that bear a floating interest rate.

The hedging relationship is classified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

The hedging instruments used mainly consist of Interest Rate Swaps, Caps, Floors, Cross Currency Swaps with a maturity up to 20-30 years for some commercial hedged assets.

### *C. Foreign net investments hedge activities*

No hedging strategy is in place on an investment in entities whose functional currency differs from the Group's functional currency.

The Group put in place some economic hedges on forecasted foreign currency revenues stemming from those entities. The objective of the economic hedge is to reduce the volatility on the income statement coming from the foreign exchange risks. FX risk on forecasted foreign currency revenues is continuously monitored and hedging strategies are periodically assessed. The hedging strategy and the percentage to be hedged is defined on a case-by-case basis considering, inter alia, the diversification effect and taking into account the volatility and correlation in the FX rates.

The derivatives used mainly consist of currency options. These derivatives may not or should not qualify for hedge accounting even though achieve substantially the same economic results. The impact of economic hedge is accounted in Item 80 - Trading Income line.

### *D. Hedging instruments and E. Hedged elements*

Prospective hedge effectiveness is established by the fact that all derivatives must, at inception, have the effect of reducing interest rate risk in term of *Economic Value Sensitivity* (Fair Value Hedge) or *Net Interest Income Sensitivity* (Cash Flow Hedge) in the specific/portfolio of hedged underlyings.

Retrospectively the hedge effectiveness is quarterly measured by referring to the most stable portion of assets/liabilities using a portfolio hedge approach or by referring to the portion of risk being hedged using a micro/specific approach.

Sources of ineffectiveness comes from (i) the Euribor vs Eonia/€STER basis for hedging derivatives transactions subject to a collateral agreement, (ii) Credit/Debit Value and Funding Value adjustment impacting derivative transactions fair values, (iii) shortfall arising in the underlying's specifically associated with that hedge in term of nominal or reverse sensitivity due to prepayment or default on commercial assets or withdrawals on liabilities included such as commercial non-maturity deposits and are presented in Item 90 - Net gains (losses) on hedge accounting.



## Part E - Information on risks and hedging policies

## Quantitative information

## A. Hedging financial derivatives

## A.1 Hedging financial derivatives: end-of-period notional amounts

(€ million)

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
1. Debt securities and interest rate indexes	244,323	19,134	80,380	3,893	107,997	15,064	123,918	987
a) Options	-	1,433	-	-	-	1,678	-	-
b) Swap	241,523	17,701	4,286	-	107,997	13,386	5,413	-
c) Forward	2,800	-	-	-	-	-	-	-
d) Futures	-	-	76,094	3,893	-	-	118,505	987
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Gold and currencies	489	7,819	182	-	40	6,408	263	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	5,519	182	-	-	6,278	263	-
c) Forward	489	2,300	-	-	40	130	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	244,812	26,953	80,562	3,893	108,037	21,472	124,181	987

This table refers the notional value of cash-flow hedging derivatives according to classification within the accounting hedging portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

## A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNT AS AT 12.31.2021				AMOUNT AS AT 12.31.2020				AMOUNT AS AT 12.31.2021	AMOUNT AS AT 12.31.2020
	POSITIVE AND NEGATIVE FAIR VALUE				POSITIVE AND NEGATIVE FAIR VALUE					
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS		
	WITHOUT CENTRAL COUNTERPARTIES		WITHOUT CENTRAL COUNTERPARTIES							
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT		CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			
CHANGES IN VALUE USED TO CALCULATE HEDGE INEFFECTIVENESS										
1. Positive fair value										
a) Options	-	20	-	-	-	23	-	-	-	-
b) Interest rate swap	3,361	213	75	-	4,725	228	84	-	-	-
c) Cross currency swap	-	142	-	-	-	206	1	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	7	-	-	-	-	-	-	-	-
f) Futures	-	-	38	1	-	-	114	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	3,361	382	113	1	4,725	457	199	-	-	-
2. Negative fair value										
a) Options	-	160	-	-	-	261	-	-	-	-
b) Interest rate swap	1,382	480	176	-	1,787	660	66	-	-	-
c) Cross currency swap	-	74	3	-	-	116	2	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	1	49	-	-	-	-	-	-	-	-
f) Futures	-	-	51	-	-	-	126	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	1,383	763	230	-	1,787	1,037	194	-	-	-

## Part E - Information on risks and hedging policies

This table presents distribution by product of the gross positive and negative cash-flow hedging derivatives' fair values according to classification within the accounting hedging portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

### A.3 OTC hedging financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2021			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	80,329	51	-
- Positive fair value	X	113	-	-
- Negative fair value	X	225	2	-
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	X	182	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	3	-	-
<b>4) Commodities</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>5) Other</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	244,323	15,727	2,945	462
- Positive fair value	3,361	178	52	3
- Negative fair value	1,382	358	205	76
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	489	6,982	838	-
- Positive fair value	-	98	51	-
- Negative fair value	1	123	-	-
<b>4) Commodities</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>5) Other</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

This table presents distribution by counterparty of the notional amount and the gross positive and negative cash-flow hedging derivatives' fair values according to classification within the accounting hedging portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

## Part E - Information on risks and hedging policies

## A.4 OTC hedging financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY		UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates		127,362	161,463	55,012	343,837
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivative contracts on exchange rates and gold		4,819	3,670	-	8,489
A.4 Financial derivative contracts on other values		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
<b>Total</b>	<b>12.31.2021</b>	<b>132,181</b>	<b>165,133</b>	<b>55,012</b>	<b>352,326</b>
<b>Total</b>	<b>12.31.2020</b>	<b>106,599</b>	<b>103,167</b>	<b>43,925</b>	<b>253,691</b>

## B. Hedging credit derivatives

No data to be disclosed.

## C. Hedging instruments not derivatives

Note that, as provided by the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments), the present table is not disclosed as the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

## Part E - Information on risks and hedging policies

### D. Hedges instruments

Note that the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

#### Micro hedging and macro hedging: breakdown by hedged item and risk type

	AMOUNT AS AT 12.31.2021	
	MICRO HEDGE: CARRYING AMOUNT	MACRO HEDGE: CARRYING AMOUNT
(€ million)		
<b>A) Fair value hedge</b>		
<b>1. Assets</b>		
<b>1.1 Financial assets measured at fair value through other comprehensive income</b>	<b>46,974</b>	<b>-</b>
1.1.1 Interest rate	46,974	X
1.1.2 Equity	-	X
1.1.3 Foreign exchange and gold	-	X
1.1.4 Credit	-	X
1.1.5 Other	-	X
<b>1.2 Financial assets measured at amortised cost</b>	<b>39,856</b>	<b>1,290</b>
1.2.1 Interest rate	39,856	X
1.2.2 Equity	-	X
1.2.3 Foreign exchange and gold	-	X
1.2.4 Credit	-	X
1.2.5 Other	-	X
<b>2. Liabilities</b>		
<b>2.1 Financial liabilities measured at amortised costs</b>	<b>759</b>	<b>218</b>
2.1.1 Interest rate	759	X
2.1.2 Equity	-	X
2.1.3 Foreign exchange and gold	-	X
2.1.4 Credit	-	X
2.1.5 Other	-	X
<b>B) Cash flow hedge</b>		
<b>1. Assets</b>	<b>-</b>	<b>X</b>
1.1 Interest rate	-	X
1.2 Equity	-	X
1.3 Foreign exchange and gold	-	X
1.4 Credit	-	X
1.5 Other	-	X
<b>2. Liabilities</b>	<b>46</b>	<b>X</b>
2.1 Interest rate	46	X
2.2 Equity	-	X
2.3 Foreign exchange and gold	-	X
2.4 Credit	-	X
2.5 Other	-	X
<b>C) Hedge of net investments in foreign operations</b>	<b>-</b>	<b>X</b>
<b>D) Portfolio - Assets</b>	<b>X</b>	<b>221</b>
<b>E) Portfolio - Liabilities</b>	<b>X</b>	<b>745</b>

### E. Effects of hedging policy at equity

This table has to be filled in only by entities that apply IFRS9 hedge accounting rules.

## Part E - Information on risks and hedging policies

### 2.3.3 Other information on derivatives instruments (trading and hedging)

#### A. Financial and credit derivatives

##### A.1 OTC financial and credit derivatives: net fair value by counterparty

(€ million)

	AMOUNTS AS AT 12.31.2021			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>A. Financial derivatives</b>				
<b>1) Debt securities and interest rates</b>				
- Notional amount	4,052,984	234,414	416,897	73,398
- Positive net fair value	-	7,417	1,472	5,483
- Negative net fair value	616	8,741	2,292	1,304
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	17,742	8,558	411
- Positive net fair value	-	499	388	2
- Negative net fair value	-	924	66	12
<b>3) Gold and currencies</b>				
- Notional amount	-	270,852	54,883	55,024
- Positive net fair value	-	3,717	1,228	1,120
- Negative net fair value	-	4,268	819	818
<b>4) Commodities</b>				
- Notional amount	-	404	568	4,052
- Positive net fair value	-	16	331	2,118
- Negative net fair value	-	58	416	2,095
<b>5) Other</b>				
- Notional amount	-	231	337	6,300
- Positive net fair value	-	39	8	1,383
- Negative net fair value	-	112	119	3,180
<b>B. Credit derivatives</b>				
<b>1) Protection buyer's contracts</b>				
- Notional amount	-	488	7,946	-
- Positive net fair value	-	5	1	-
- Negative net fair value	-	5	234	-
<b>2) Protection seller's contracts</b>				
- Notional amount	-	892	6,546	-
- Positive net fair value	-	10	189	-
- Negative net fair value	-	88	2	-

### 2.4 Liquidity risk

#### Qualitative information

##### A. General aspects, operational processes and methods for measuring liquidity risk

Liquidity risk is defined as the risk that the Group may find itself unable to fulfil its expected or unexpected payment obligations (by cash or delivery), current and future, without jeopardising its day-to-day operations or its financial condition.

#### The key principles

##### The liquidity reference banks

The Group aims at maintaining liquidity at a level that enables to fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.

To this end, the Group complies accurately with the legal and regulatory provisions imposed by the national Central Banks and by the national authorities of each country where it operates.

In addition to local legal and regulatory requirements, the Parent Company, under the responsibility of the Group Risk Management, defines policies and metrics to be applied at Group level, to ensure that liquidity position of any entity meets the requirements of the Group.

For these reasons, the Group is organised on a managerial perspective, according to the concept of the liquidity reference bank.

## Part E - Information on risks and hedging policies

The liquidity reference banks are legal entities that act in their responsibility as liquidity hub. They are in charge:

- of the liquidity management and concentration process of liquidity flows of the legal entities falling within their perimeter of responsibility;
- of the funding optimisation carried out on the relevant local markets and are responsible to coordinate the access to short-term and medium long-term markets of the legal entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, as a "supervisory and overarching liquidity reference bank" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. The Parent Company has the responsibility to set the overall Group risk appetite and sub-allocate the limits in agreement with the liquidity reference banks and/or Legal Entities.

In particular, the Parent Company functions are responsible for the following:

- outlining Group overall liquidity risk management strategies;
- developing liquidity risk metrics and methodologies;
- setting specific limits for liquidity risk exposures, in line with the Group risk appetite;
- optimising liquidity allocation amongst Legal Entities, in compliance to the local regulations and transferability limitation;
- coordinating access to financial markets for liquidity management;
- outlining the yearly Group funding and contingency funding plan, coordinating and monitoring their execution;
- assessing the adequacy of the liquidity reserves buffers at Legal Entity and Group level;
- coordinating the refinancing transactions with the ECB;
- defining, periodically reviewing the Group ILAAP and approving the Group ILAAP Report on yearly basis.

The Parent Company, moreover, acts as the liquidity reference bank for the Italian perimeter.

### *The principle of "self-sufficiency"*

This organisational model allows self-sufficiency of the Group by accessing the local and global markets for liquidity in a controlled and coordinated way. According to Group Policies, structural liquidity surpluses can be up streamed to the Parent Company, unless legal requirements prevent it. The liquidity available at country level could be subject to restrictions due to legal, regulatory and political constraints. The so called "Large Exposure Regime", applied throughout Europe, along with specific national laws like the "German Stock Corporation Act", are examples of legal constraints to the free circulation of funds within a cross-border banking Group<sup>66</sup>.

As a general rule, the large exposure regime, which came into force on 31 December 2010, limits interbank exposures to a maximum of 25% of Eligible Capital: this rule is also applicable to intra-group exposures. However, there are significant differences in the way in which this EU regulation has been implemented in the various countries. In many CEE countries the limit of 25% of free funds is valid, with some countries showing even stricter rules; in Austria, according to the National law, the 25% of Eligible Capital limit is not applied to exposures towards the Parent Company, if located in the European Economic Area; finally, in Germany the national Regulator has set up a process to apply for a waiver, exempting intra-group exposures from the large exposure limitation.

In the absence of official limits valid at national level, Austrian and German Regulators reserve the right to judge the exposure level on a case-by-case basis.

In the current economic environment, in many of the territories in which the Group operates, Banking Regulatory Authorities are adopting measures aimed at reducing the exposure of their national banking system towards foreign jurisdictions with potential negative impacts on the ability of the Group to finance its activities.

For these reasons, the "Liquidity management & control group policy" provides for a further principle in order to enhance a sound liquidity risk management; each Legal Entity with market access has to increase its liquidity self-sufficiency, fostering in this way the exploitation of its strengths. In addition, the Group rule states that each LE (including the liquidity reference bank) should be self-sufficient in terms of liquidity in its local currency, either on its own or by leveraging on the relevant liquidity reference bank. This self-sufficiency principle is reflected in a specific "limit structure": limits are set both at Group and at individual level, with the purpose of avoiding/controlling significant imbalances among Legal Entities.

This type of organisation promotes the self-sufficiency of the Legal Entities, by allowing them to access the local and global markets for liquidity in a controlled and coordinated way, whilst optimising: i) the liquidity surpluses and deficits within the Group's Legal Entities ii) the overall costs of funding across the Group.

The adoption of the Single Point of Entry by the Group implies that the Holding provides internal MREL to all the other subsidiaries within Europe, representing the only exception to the self-sufficiency principle.

<sup>66</sup> Also Banca d'Italia Rules, Circular 285, foresees that the Group should ensure the maintenance through the time of adequate reserves in each legal entity, in order to take into account possible regulatory constraints (First Part, Title IV, Chapter 6, Section III, paragraph 7).



## Part E - Information on risks and hedging policies

### *Roles and responsibilities*

At Group level, three main functions are identified in the management of the liquidity: the Group Risk Management competence line, the Group Financial Office competence line, and the Group Treasury function (within the "Markets" Business Unit), each with different roles and responsibilities. In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the current requirements of Banca d'Italia).

Specifically, the Risk Management function is responsible for the independent control of liquidity risk and of balance sheet interest rate and FX risk at Group level and for the internal and regulatory stress testing. In detail:

- defining policies and methodologies for measuring and controlling the liquidity risk and developing, updating and presenting the independent internal risk reports/assessments to internal competent functions (second level controls);
- putting in place a strong and comprehensive internal limit and control framework to mitigate or limit the liquidity risk in line with the risk tolerance in order to monitor the different material drivers of liquidity risk;
- contributing to the setting of the risk appetite framework;
- assessing and monitoring liquidity risk exposure trends at Group and Country level and confronting them with the respective limits and triggers;
- verifying the correct implementation of the agreed mapping rules;
- performing an independent assessment of the Funding Plan and of the Contingency Funding Plan as well as monitoring their execution;
- developing and performing the liquidity stress test at Group level, analysing the outcome, delineating new scenarios to be taken into account and centralising the action plan relating to the stress test results; it is also responsible of periodically reviewing the liquidity stress test framework;
- monitoring the liquidity risk and producing regular risk reporting at Group level in alignment with Basel Committee's "Principles for effective risk data aggregation and risk reporting", setting common standards in terms of presentations and communications;
- performing internal validation activities at Group level on systems for measuring liquidity risks on related processes and data quality and IT components, as well as on models for pricing financial instruments in order to check that they are conform to regulatory requirements and in-house standards;
- developing and back testing the behavioural models for the measurement of the liquidity risk;
- validating, controlling the implementation and releases independent assessments on the models to map the liquidity profile of balance sheet items (i.e. deposit stickiness, prepayment, behavioral models, etc.).

Group Treasury acts as main coordinator in the management of infra-group flows, stemming from liquidity deficits or surplus of the various Group's Legal Entities, and applies the appropriate transfer prices to such funds' movements. By doing so, Group Treasury ensures a disciplined and efficient access to the markets.

Group Finance competence line is responsible for the coordination of the overall financial planning process at Group, liquidity reference banks and relevant LEs level, aiming to efficiently ensure the stability and the sustainability of the financial structure through time, addressing assets and liabilities composition and maturities, in compliance with the limits and triggers set for liquidity and balance sheet metrics. It is also responsible for the execution of the medium long term Group's funding strategy (including securitisation operations), coordinating the access to national and international capital markets for all the liquidity reference banks and relevant LEs, exploiting local market opportunities in order to reduce the costs of funding and diversify the financing sources. In addition to this, the function performs first level controls on liquidity positions managed by Group Finance and Group Treasury aimed at ensuring the proper P&L and liquidity workflow of the operations and defines conditions and rules for transfer price application.

All the relevant issues that concern the liquidity risk and management perspective of the Group are discussed in GFRC (Group Financial & Credit Risks committee - Financial Risk session).

The Committee is responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing, across Liquidity Reference Banks, Business Functions and Legal Entities, with the aim to optimize the usage of financial resources (e.g. liquidity and capital) in coherence with Risk Appetite and Business Strategies. It is also responsible for the approval of the Financial Plan Funding Plan, Ordinary Counterbalancing Capacity Plan and Contingency Funding Plan to be submitted to the Board by the CEO as well as for evaluating the impact of transactions significantly affecting the overall financial risk portfolio profile.

The optimisation of liquidity risks is pursued through the setting of specific limits on the standard banking activity of transforming short, medium and long-term maturities. This is implemented in accordance with legal and regulatory framework in each country and internal rules and policies of the Group companies through management models in place within the individual liquidity reference banks.

Such models are subject to analyses carried out by the local Risk Management or equivalent structure with the same responsibilities in coordination with the Group's Risk Management to ensure that they comply with the metrics and the objectives of the Group's liquidity framework.

In addition, the regional rules must comply with national laws and regulatory requirements.

## Part E - Information on risks and hedging policies

### ***Risk measurement and reporting systems***

#### *Techniques for risk measurement*

The different types of liquidity risk managed by the bank are:

- short term liquidity risk refers to the risk of non-conformity between the amounts and/or the maturities of cash inflows and cash outflows in the short term (below one year);
- market liquidity risk is the risk that the bank may face a considerable (and unfavourable) price change generated by exogenous or endogenous factors and incur losses because of the sale of assets deemed to be liquid. In the worst case, the bank might not be able to liquidate such positions;
- intraday liquidity risk appears when a bank is not able to meet payment and settlement obligations on a timely manner basis under both normal and stressed conditions;
- structural liquidity risk is defined as the inability to raise the necessary funds to maintain an adequate ratio between medium to long-term (over one year) assets and liabilities at reasonable pricing level, in a stable and sustainable way, without affecting the daily operations or the financial condition of the Bank. It could have a potential impact on the cost of funding (own credit and market funding spreads), affecting future income of the institution;
- contingency risk, or stress liquidity relates to future and unexpected obligations (i. e. draw on committed facilities, deposits withdrawal, increase in collateral pledging) and could require the bank a greater amount of liquidity compared to what is considered the amount to run the ordinary business;
- intragroup liquidity risk, that might generate from an excessive exposure or dependency towards/from specific Group counterparts;
- funding concentration risk arises when the bank leverages on such a limited number of funding sources, that they become of such significance that the withdrawal of one or few could trigger liquidity problems;
- foreign exchange liquidity risk, generated by the current and projected liquidity mismatch between cash inflows and cash outflows in foreign currencies (refinancing risk) or related with the maturity distribution of the assets and liabilities in foreign currencies (foreign currency structural mismatch risk).

The exposure of the Group and its Legal Entities to any of these risks is measured by associating to any of them a metric or a set of metrics. Every Legal Entity of the Group is exposed to the above-mentioned risks at a different extent: a materiality analysis is performed in order to define the perimeter of the liquidity risk management and control.

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of indicators, among which: loans to deposits gap, liquidity coverage ratio). In particular, gap analyses are performed within two distinct time horizons:

- liquidity imbalance mismatch approach on a daily basis, which controls the short-term liquidity risk arising from the overnight up to 12 months maturity;
- gap ratios on a monthly basis, which control the medium to long-term risk (structural liquidity) from the 1-year maturity onwards.

#### *Strategies and processes to manage the liquidity risk*

The Group's liquidity framework is based upon the Liquidity Risk Mismatch Model which is characterised by the following fundamental principles:

- short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Group's liquidity position from 1 day up to one year. The primary objective is to maintain the Group's capacity to fulfil its ordinary and extraordinary payment obligations while minimising the relevant costs.
- structural liquidity risk management (structural risk), which considers the events that will impact upon the Group's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoid pressures on short-term funding sources (both current and future), while in the meantime optimising the cost of funding;
- stress tests: Liquidity risk is a low probability, high impact event. Therefore, stress testing is an excellent tool to reveal potential vulnerabilities in the balance sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and a combination hereof.

In this context, the Parent Company takes into account all assets, liabilities, off-balance sheet positions and also both present and future events which generate certain or potential cash flows for the Group, thereby protecting the Group Banks/Companies from risks relating to the transformation of maturity.

In addition, the liquidity risk is included in the Group's risk appetite framework through some specific liquidity indicators.

#### *Short-term liquidity management*

Short-term liquidity management aims at ensuring that the Group remains in a position to fulfil its cash payment obligations, whether expected or unexpected, focused on the exposure for the first 12 months.

## Part E - Information on risks and hedging policies

The standard measures taken for such purposes are the following:

- management of the access to payment systems (operational liquidity management);
- management of cash payments to be made and monitoring of the level of liquidity reserves and the extent of their utilisation (analysis and active management of the maturity ladder).

These principles are applicable at Group level and must be used across the liquidity reference banks.

The *operative maturity ladder* is composed by the net contractual cash flows (in/outflows) affecting the cash position at Central Banks or "Nostro Account". Therefore, these flows impact directly the "core liquidity" of the bank, over pre-defined time buckets.

The *operative maturity ladder* is composed of the following building-blocks:

- primary gap, which shows the net wholesale refinancing requirements over the various time-buckets of the horizon;
- counterbalancing capacity, which shows the amount of unencumbered securities that are accepted as collateral by Central Banks and/or market counterparties. The counterbalancing capacity is considered at its "liquidity value" (i.e. the market value minus the applicable haircut);
- cumulative gap, which is the sum of the previous components;
- reservation for unexpected flows, which consists of liquidity adjustment to the operative maturity ladder, to consider a buffer that can be used by the Treasury to refinance unexpected outflows impacting the Central Bank position (included in the short-term buckets). The reservation for unexpected flows takes into account the volatility of the funding needs of the commercial asset portfolio, the volatility of the commercial funding sources, including potential concentration effects, the change of liquidity value of the counterbalancing capacity due to observed market price changes.

The operative maturity ladder is included in the Group risk appetite framework, with a limit of 0 on the 3 months bucket.

The Group also adopts the cash horizon as a synthetic indicator of the short-term liquidity risk levels. The cash horizon identifies the number of days after which the relevant entity is no longer able to meet its liquidity obligations as expressed in the operative maturity ladder, after having exhausted the available counterbalancing capacity.

### *Structural liquidity management*

The Group's structural liquidity management aims at limiting refinancing exposures above one year and thus reducing refinancing needs in the shorter term. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims at avoiding pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:

- the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimizing the cost of funding (integrated management of strategic liquidity and tactical liquidity);
- the financing of growth through strategic funding activities, setting the most appropriate maturities (yearly funding plan);
- the balancing of medium/to long-term wholesale funding requirements with the need to minimise costs, by diversifying sources, national markets, currencies of issuance and instruments used (realisation of the yearly funding plan).

The main metric used to measure the medium/long-term position is the net stable funding ratio, as described by CRR2.

In general, the net stable funding ratio is calculated as the ratio between liabilities and assets. All the balance sheet items are mapped according to their contractual maturity. In addition, they are assigned a weight that reflect, for the liabilities, their stability within the balance sheet and, for the assets, the portion that is rolled-over by the bank or that, more in general, cannot be traded on the market in exchange of liquidity that would generate relief to the institution. The internal limit set at 102.5% per 2021 means that stable liabilities have to fully cover the requirements of funding generated by the assets.

A key structural metric, aimed at measuring the funding needs originated from the commercial activity of the Bank, is the funding gap. It measures the need of funding, the bank has to finance on the wholesale market. The indicator is integrated in the risk appetite framework with the aim of monitoring and managing the level of funding coverage of net loans to customers, coming from funding sources not exclusively obtained through Treasury/Finance activity.

### *Liquidity under stress*

Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. As a forward-looking tool, liquidity stress testing diagnostics the institution's liquidity risk. In particular the results of the stress tests are used to:

- determine liquidity limits both in quantitative and qualitative terms;
- plan and carry out alternative funding transactions for purposes of off-setting liquidity outflows;
- structure/modify the liquidity profile of the Group's assets;
- provide support to the development of the liquidity contingency plan.

## Part E - Information on risks and hedging policies

In order to execute stress tests that are consistent across the liquidity reference banks, the Group has a centralised approach to stress testing, requiring each local liquidity reference bank to run the same scenario set under the coordination of the Group risk management. The Group runs liquidity scenarios and sensitivity analyses on a regular basis, the latter by assessing the impact on an institution's financial condition of a move in one particular risk factor, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on a hypothetical, well defined and consistent stress scenario.

The Group identifies three different types of potential liquidity crisis:

- market (systemic, global or sector): market downturn scenario. This scenario consists of a sudden turmoil in a monetary and capital market, which may be caused by closure (or limited access) to market/settlement system, critical political events, country crisis, credit crunch, etc.;
- specific to the Group, or part of it (idiosyncratic): name crisis; the assumptions could be operational risk, events relating to the worsened perception of the Group reputational risk and a downgrade in UniCredit S.p.A. rating or other Group Legal Entities;
- a combination of market and specific crisis: combined scenario.

These scenarios are expected to cause a substantial reduction in the funding coming from rating-sensitive customers, CD/CPs' investors and inter-bank markets. In addition, a possible usage of the undrawn portion of the committed lines is considered.

The *combined scenario* is defined as a general negative development in the market environment and also as a factual or market-hypothesised problem specific to the Group.

In 2021 the Group liquidity stress test result on the combined scenario was always positive.

In addition to the internal stress test, the bank adopts and also monitors the liquidity coverage ratio (LCR), calculated in accordance with the provisions of Implementing Regulation (EU) 2016/322 in force from 1 October 2016 as amended by DR (EU) 2018/1620. It is the ratio between the high-quality liquid assets (HQLA) and the net cash outflows expected over the coming 30 days, under stress test conditions. The compliance with this regulatory requirement is constantly monitored by setting, in the risk appetite framework, internal limitations above the binding minimum level of 100%.

Among the liquidity outflows that occur in a stress scenario, the bank monitors on a monthly basis the impact in terms of additionally required collaterals that the bank may be required to provide given a downgrade of its own credit rating. For this purpose, all the relevant rating agencies are considered. The testing is carried out on a legal entity level, but consolidated reporting is available to analyse the impact on group wide basis. Specific attention is dedicated to exposures towards special purpose vehicles (SPV).

At Group level the amount of material outflows due to deterioration of own credit quality, included in the components of the Liquidity Coverage Ratio, amount to €9,176 million as of 31 December 2021.

### **Risk mitigation**

#### *Monitoring and reporting*

In the Group the governance and control of liquidity risk is mainly performed through the setting and monitoring of operating restrictions managerial and regulatory aimed at preventing potential vulnerabilities in the bank's ability to meet its cash flow obligations that are embedded in risk metrics limits or warning/trigger levels.

The short-term liquidity limits are monitored and reported daily. The structural liquidity ratios and their exposure against limits are monitored and reported monthly. The survival period and the result of the liquidity stress test are reported and monitored on a monthly basis.

In case of limit breach or warning level activation at Group level, the Group risk management function investigates the rationale of the events, triggering the proper escalation and reporting them to the relevant committees.

#### *Mitigation factors*

Liquidity risk is considered a relevant risk category for the risk appetite determination of the Group. The practices and processes are included in the "Liquidity management & control Group policy", that defines the principles that the Parent Company and the Legal Entities have to apply for hedging and mitigating this risk and the roles to be interpreted by the different committees and functions.

Additionally, to an adequate liquidity buffer to face unexpected outflows and robust and regular up-to-date stress testing performed on a regular basis, the main liquidity mitigation factors for UniCredit group are:

- an accurate plan of short-term and medium to long-term liquidity needs, to be monitored on a monthly basis;
- an effective contingency liquidity policy with feasible and up-to-date contingency action plan to be executed in case of crisis;
- a system of early warning indicators such to anticipate any potential liquidity crisis and give enough time to the Group to restore its safe liquidity profile.

## Part E - Information on risks and hedging policies

### *Funding plan*

The funding plan plays a fundamental role in the overall liquidity management influencing both the short-term and the structural position. The funding plan, defined at each level (i.e. Group, liquidity reference bank and Legal Entity level), is developed consistently with a sustainable analysis of uses and sources, both on short-term and structural positions. One of the objectives of accessing the medium and long-term channels is to avoid the pressure on the short-term liquidity position. The funding plan is updated at least on a yearly basis and is approved by the Board of Directors. In addition, it is aligned with the budgeting process and the risk appetite framework.

The Parent Company accesses the market for Group capital instruments.

The Parent Company coordinates the market access of the liquidity reference banks and Legal Entities, while the liquidity reference banks coordinate the access of the Legal Entities falling within their perimeter.

Each Legal Entity or liquidity reference bank can access the markets for medium and long-term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialisation, safeguarding the optimisation of cost of funds of the Group.

Group Finance competence line is responsible for the elaboration of the funding plan. Risk management is responsible for providing an independent assessment of the funding plan.

### *Group contingency liquidity management*

The liquidity crises usually develop quickly and the relevant signals may be either difficult to interpret or may even be lacking; it is, therefore, important to clearly identify players, powers, responsibilities, communication and reporting criteria, in order to increase significantly the probability of overcoming the state of emergency successfully. A liquidity crisis could be classified as systemic (e.g. overall capital and money market disruption) or specific (e.g. specific to the bank), or a combination of both.

The ability to act in time is essential to minimise the potentially disruptive consequences of a liquidity crisis. The analysis of the stress tests will form a valuable tool to identify the expected consequences and to define up front the most suitable actions in a certain crisis scenario. In combination with the early warning Indicators the organisation may be able to reduce the negative liquidity effects in the initial stages of a crisis. Therefore, a crisis-mode operating model, that can be activated effectively in case of crisis according to an approved procedure, has been defined. In order to be able to proceed timely, a set of mitigating actions have been pre-defined. Depending on the situation some of these actions can then be approved for execution.

The *Group contingency liquidity management* global policy has the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the definition of specific guidelines on activation, meetings, decisions, actions, and communications.

This purpose is achieved through:

- a set of early warning indicators that may help to identify emerging vulnerabilities in the Group liquidity risk position;
- activation of extraordinary liquidity governance and operating model linked to indicators included in both the risk appetite and recovery and resolution plan framework;
- a set of available standby mitigating liquidity actions;
- consistent internal and external communication.

A relevant part of the contingency liquidity management is the contingency funding plan. This plan consists of a set of potential but concrete management actions to be performed in time of crisis. These actions are described in terms of size, instrument, and timing of execution aimed at improving the bank's liquidity position during time of crisis. The contingency funding plan is developed on the basis of the annual Funding Plan.

A specific early warning indicators dashboard is in place, both at Group and Legal Entities level, in order to continuously monitor situations of stress, which may, among others, be originated by market, sector or name specific events. They are based either on macroeconomic or market indicators that also reflect the monetary policy stance of the Central Banks variables, or on specific internal metrics. The system of early warning indicators helps to identify emerging vulnerabilities in the Group's liquidity risk position or potential funding needs, triggering a potential response by the Senior management.

A "traffic light approach" is adopted for each metric in order to have sufficient time to inform senior management of a deteriorating situation and allow to put in place adequate actions aimed at restoring the business-as-usual state.

## Part E - Information on risks and hedging policies

### ***Adequacy of the liquidity risk management***

In the yearly process of the ILAAP, the Senior management is requested to give a judgement on the adequacy of the liquidity position and stability of funding, called Liquidity Adequacy Statement (LAS). This assessment aims at showing the main drivers that had modified the liquidity position throughout the year and provides comment also on the evolution of the main metrics that are used to steer the different aspects of the liquidity risk. In 2021, the Group liquidity situation has been deemed adequate and the liquidity risk management arrangements of the institution ensure that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

The framework of measurement systems and of limits in place aims to ensure that the Group has always an internal liquidity buffer/reserve that allows it to face expected and unexpected payments.

In the daily Treasury activity, the (managerial) liquidity reserve is represented by the Counterbalancing Capacity (CBC). Group Treasury, in its role of operational liquidity management function is entitled to monetise also the bonds belonging to the trading book, if this is necessary to restore the liquidity positions, prevailing on any existing business or risk management strategies.

From a regulatory perspective, the liquidity reserve is represented by the amount of high-quality liquid assets (HQLA). This is the numerator of the LCR and is made of assets, which can be easily and immediately converted into cash at little or no loss of value even in periods of severe idiosyncratic and market stress. These assets are unencumbered, which means free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign them.

The adequacy of the liquidity reserve under both perspectives is monitored and controlled through the limitations set on the operative maturity ladder (managerial) and on the liquidity coverage ratio (regulatory), as described above.

In 2021, the operative maturity ladder of the Group, measured considering the impediments in the transfer of liquidity among legal entities, was constantly above the Risk Appetite Trigger, defined at a level that ensures that the Group would have enough liquidity to survive to a period of stress.

Similarly the Group liquidity coverage ratio (LCR) was always well above the trigger (set above the minimum regulatory requirement of 100%), confirming that its liquidity reserve was large enough to cover one month of stress designed according to the regulatory hypothesis.

While the operative maturity ladder and the LCR restrictions ensure that the liquidity reserves are adequate, the respect of the funding gap and other structural liquidity metrics restrictions ensure that the bank maintains an appropriate balance between assets and liabilities in the medium-long term (beyond one year), preventing additional pressure on the short term liquidity position.

In 2021, both the funding gap and the net stable funding ratio were above the limitations set in the risk appetite framework, thus confirming the relative stability of the funding source of the Group.

### ***Effects arising from Covid-19 pandemic***

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 length of the current lockdown and expected economic recovery.

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) 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, which have been increased in some countries.

An important mitigating factor to these risks are the contingency management policies of the bank as described in the Group system of rules and the measures set up by the European Central Bank, which have granted a higher flexibility in the management of the current liquidity situation by leveraging on the available liquidity buffers.



## Part E - Information on risks and hedging policies

## Quantitative information

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2021									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
<b>A. On-balance sheet assets</b>	<b>69,485</b>	<b>20,915</b>	<b>12,049</b>	<b>18,806</b>	<b>35,284</b>	<b>31,207</b>	<b>53,150</b>	<b>249,038</b>	<b>195,483</b>	<b>34,697</b>
A.1 Government securities	26	-	942	568	1,655	4,161	11,355	64,345	35,428	-
A.2 Other debt securities	46	72	155	490	847	937	2,020	18,949	18,820	130
A.3 Units in investment funds	1,361	-	-	-	-	-	-	-	-	2,468
A.4 Loans	68,052	20,843	10,952	17,748	32,782	26,109	39,775	165,744	141,235	32,099
- Banks	24,689	10,026	4,767	2,019	5,963	3,879	2,189	4,192	319	25,796
- Customers	43,363	10,817	6,185	15,729	26,819	22,230	37,586	161,552	140,916	6,303
<b>B. On-balance sheet liabilities</b>	<b>445,526</b>	<b>23,922</b>	<b>11,327</b>	<b>16,063</b>	<b>38,731</b>	<b>26,954</b>	<b>18,980</b>	<b>150,048</b>	<b>51,793</b>	<b>2,851</b>
B.1. Deposits and current accounts	433,248	5,614	5,661	9,908	27,599	13,372	7,939	57,479	9,799	1
- Banks	14,470	1,938	1,320	3,461	2,615	8,957	1,308	52,948	8,572	-
- Customers	418,778	3,676	4,341	6,447	24,984	4,415	6,631	4,531	1,227	1
B.2 Debt securities	42	907	3,120	2,241	6,636	6,670	10,559	37,879	37,627	2,690
B.3 Other liabilities	12,236	17,401	2,546	3,914	4,496	6,912	482	54,690	4,367	160
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	22,797	38,886	45,037	82,513	339,700	301,992	415,081	969,956	840,321	-
- Short positions	41	41,781	44,938	91,370	281,134	269,387	287,835	830,335	862,864	-
C.2 Financial derivatives without capital swap										
- Long positions	13,336	1,127	712	1,216	2,598	1,773	4,451	13,128	5,476	-
- Short positions	12,238	862	755	1,159	2,677	1,664	4,477	12,882	5,578	-
C.3 Deposits and loans to be received										
- Long positions	5	27,776	2	-	368	1,361	811	181	-	-
- Short positions	-	20,366	2	4,352	1,997	1,976	1,563	246	-	-
C.4 Commitments to disburse funds										
- Long positions	78,364	5,934	67	1,790	3,598	3,034	5,290	15,281	6,505	2,640
- Short positions	92,332	20	67	1,378	3,460	2,322	3,947	11,866	4,492	2,619
C.5 Financial guarantees given	849	63	12	102	441	1,069	2,816	7,675	694	-
C.6 Financial guarantees received	24,342	9	14	550	923	1,354	4,195	7,979	12,985	8,156
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	10	9	398	408	7,075	290	-
- Short positions	-	-	-	18	75	192	492	8,151	33	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	166	-
- Short positions	-	-	-	-	-	-	-	-	166	-

## Part E - Information on risks and hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2021									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
<b>A. On-balance sheet assets</b>	<b>64,982</b>	<b>15,119</b>	<b>7,884</b>	<b>16,670</b>	<b>29,885</b>	<b>26,775</b>	<b>45,027</b>	<b>217,966</b>	<b>172,047</b>	<b>34,678</b>
A.1 Government securities	22	-	939	562	1,420	3,905	9,120	55,992	28,104	-
A.2 Other debt securities	46	72	148	452	793	875	1,715	17,212	16,851	124
A.3 Units in investment funds	1,195	-	-	-	-	-	-	-	-	2,465
A.4 Loans	63,719	15,047	6,797	15,656	27,672	21,995	34,192	144,762	127,092	32,089
- Banks	24,043	4,813	992	1,434	3,854	2,971	1,851	3,060	319	25,796
- Customers	39,676	10,234	5,805	14,222	23,818	19,024	32,341	141,702	126,773	6,293
<b>B. On-balance sheet liabilities</b>	<b>398,163</b>	<b>21,415</b>	<b>4,288</b>	<b>12,028</b>	<b>35,155</b>	<b>23,700</b>	<b>16,366</b>	<b>143,587</b>	<b>45,211</b>	<b>2,851</b>
B.1. Deposits and current accounts	386,130	3,137	1,381	6,477	24,629	11,811	5,701	55,361	9,448	1
- Banks	11,943	553	724	2,833	1,961	8,504	1,161	51,635	8,429	-
- Customers	374,187	2,584	657	3,644	22,668	3,307	4,540	3,726	1,019	1
B.2 Debt securities	42	907	361	2,209	6,608	4,979	10,218	33,546	31,403	2,690
B.3 Other liabilities	11,991	17,371	2,546	3,342	3,918	6,910	447	54,680	4,360	160
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	7,679	22,799	29,072	57,323	278,386	260,172	373,755	844,464	770,316	-
- Short positions	22	30,225	36,044	74,833	229,509	237,152	256,186	735,344	811,117	-
C.2 Financial derivatives without capital swap										
- Long positions	11,906	225	195	501	1,159	993	1,767	5,293	2,620	-
- Short positions	9,993	325	256	593	1,366	1,020	1,947	5,163	2,812	-
C.3 Deposits and loans to be received										
- Long positions	-	27,776	-	-	368	1,361	811	181	-	-
- Short positions	-	20,366	-	4,352	1,997	1,976	1,559	246	-	-
C.4 Commitments to disburse funds										
- Long positions	76,324	5,924	28	1,436	2,908	2,248	3,082	12,476	4,776	1,060
- Short positions	89,714	9	28	1,226	2,619	1,565	1,805	9,117	3,118	1,060
C.5 Financial guarantees given	788	9	8	53	173	206	645	2,741	331	-
C.6 Financial guarantees received	22,714	8	6	444	813	720	4,074	6,512	12,685	6,404
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	230	316	6,853	233	-
- Short positions	-	-	-	18	75	155	185	7,900	32	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	166	-
- Short positions	-	-	-	-	-	-	-	-	166	-

## Part E - Information on risks and hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2021									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
<b>A. On-balance sheet assets</b>	<b>4,503</b>	<b>5,796</b>	<b>4,165</b>	<b>2,136</b>	<b>5,399</b>	<b>4,432</b>	<b>8,123</b>	<b>31,072</b>	<b>23,436</b>	<b>19</b>
A.1 Government securities	4	-	3	6	235	256	2,235	8,353	7,324	-
A.2 Other debt securities	-	-	7	38	54	62	305	1,737	1,969	6
A.3 Units in investment funds	166	-	-	-	-	-	-	-	-	3
A.4 Loans	4,333	5,796	4,155	2,092	5,110	4,114	5,583	20,982	14,143	10
- Banks	646	5,213	3,775	585	2,109	908	338	1,132	-	-
- Customers	3,687	583	380	1,507	3,001	3,206	5,245	19,850	14,143	10
<b>B. On-balance sheet liabilities</b>	<b>47,363</b>	<b>2,507</b>	<b>7,039</b>	<b>4,035</b>	<b>3,576</b>	<b>3,254</b>	<b>2,614</b>	<b>6,461</b>	<b>6,582</b>	<b>-</b>
B.1. Deposits and current accounts	47,118	2,477	4,280	3,431	2,970	1,561	2,238	2,118	351	-
- Banks	2,527	1,385	596	628	654	453	147	1,313	143	-
- Customers	44,591	1,092	3,684	2,803	2,316	1,108	2,091	805	208	-
B.2 Debt securities	-	-	2,759	32	28	1,691	341	4,333	6,224	-
B.3 Other liabilities	245	30	-	572	578	2	35	10	7	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	15,118	16,087	15,965	25,190	61,314	41,820	41,326	125,492	70,005	-
- Short positions	19	11,556	8,894	16,537	51,625	32,235	31,649	94,991	51,747	-
C.2 Financial derivatives without capital swap										
- Long positions	1,430	902	517	715	1,439	780	2,684	7,835	2,856	-
- Short positions	2,245	537	499	566	1,311	644	2,530	7,719	2,766	-
C.3 Deposits and loans to be received										
- Long positions	5	-	2	-	-	-	-	-	-	-
- Short positions	-	-	2	-	-	-	4	-	-	-
C.4 Commitments to disburse funds										
- Long positions	2,040	10	39	354	690	786	2,208	2,805	1,729	1,580
- Short positions	2,618	11	39	152	841	757	2,142	2,749	1,374	1,559
C.5 Financial guarantees given	61	54	4	49	268	863	2,171	4,934	363	-
C.6 Financial guarantees received	1,628	1	8	106	110	634	121	1,467	300	1,752
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	10	9	168	92	222	57	-
- Short positions	-	-	-	-	-	37	307	251	1	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

## 2.5 Operational risks

## Qualitative information

## A. General aspects, operational processes and methods for measuring operational risk

## Operational risk definition

Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel systems or caused by external events. This definition includes legal and compliance risks but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damages to the company's physical assets, business disruption and system failures, process management.

## Group operational risk framework

UniCredit group sets the operational risk management framework as a combination of policies and procedures for the identification, the assessment and measurement, the addressing and mitigation, the monitoring and reporting of the operational risk of the Group and of the controlled entities.

The operational risk policies, applying to all Group Legal Entities, are common principles defining the roles of the company bodies, the operational risk management function, as well as the relationship with other functions involved in operational risk monitoring and management.

The Parent company coordinates the Group Legal Entities according to the internal regulation and the Group operational risk control rulebook. A specific Risks Committee Group Non-Financial Risks and Controls Committee (GNFRCC) is set up to monitor risk exposure, mitigating actions, measurement and control methods within the Group. With particular reference to UniCredit S.p.A. the Italy Non-Financial Risks and Controls Committee (INFRCC) supports the Head of Italy in the role of steering and monitoring of the Non-Financial Risks (NFRs) at Italy level, also overseeing the related internal control system (ICS).

## Part E - Information on risks and hedging policies

The methodologies for data classification and completeness verification, scenario analysis, risk indicators, monitoring and reporting, capital at risk measurement, Risk and Control Self Assessments and Operational Risks Mitigation Strategies are set by the Group Non-Financial Risks (GNFR) structure and applied by all Legal Entities. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process, which is under the responsibility of the Group Internal Validation department of the Parent company and is independent from the Group Non-Financial Risks structure.

Since March 2008 the UniCredit group applies the AMA model (Advanced Measurement Approach) for calculating operational risk capital. The use of this method has been rolled out to the main Legal Entities of the Group.

### Effects arising from Covid-19 pandemic

Referring to operational risks, analyses were carried out in order to identify risks arising from process changes adopted time by time to protect the health of employees and customers.

With reference to the operational risks identified, the effectiveness of the risk mitigation measures was then assessed also through a comparative analysis between different Group Legal Entities.

In addition, specific second-level controls were activated to oversee those areas that were subject to the most significant changes, the outcome of these checks did not highlight any significant criticality. A specific monitoring of operational incidents linked, even indirectly, to the entire Covid-19 epidemic has been created in order to promptly intercept potential process criticalities or inappropriate behaviours.

### Organisational structure

Senior Management is responsible for approving all aspects related to the Group operational risk framework and verifying the adequacy of the measurement and control system; it is regularly updated on changes to the risk profile and operational risk exposure, with the support of the appropriate risk committees if required.

The Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in the role of steering and monitoring the Non-Financial Risks (NFRs) at Group level, also overseeing the related internal control system (ICS).

The GNFRC enables the coordination among the “three lines of defence” with the aim to identify and share Group priorities concerning Non-Financial Risks (e.g. events, regulations or emerging risks), assessing and monitoring the effectiveness of initiatives put in place in order to address them.

Without prejudice to the role reserved to the Board of Directors by the provisions in being at the time, the GNFRC, in order to support the CEO in implementing the strategic guidelines and the Group general Risk Management policies is responsible for:

- defining and approving policies, operational limits and methodologies for the measurement, management and control of Non-Financial Risks, as well as for the definition of the methodologies for the measurement, management, and control of Non-Financial Risks (Operational and reputational Risk) internal capital;
- promoting the annual managerial self-assessment processes and evaluating its results, in order to ensure a systematic approach to operational risk assessment and to the supervision of the Internal Control System;
- overseeing Group Non-Financial Risks profile, emerging threats as well as the internal control system robustness at Group level, through the monitoring of most relevant events and incidents, weaknesses and shortcomings, also addressing and prioritizing - when needed - potential corrective actions;
- evaluating and providing guidelines for the management of risk relevant (e.g. reputational, security, data protection) single customer transactions or third party contracts, and for definition and implementation of business continuity plans.

With particular reference to the operational risk, GNFRC committee meets with approval, consulting and information functions for:

#### 1) Approve:

- general governance policies for the different types of NFRs;
- Group policies and methodologies - for the measurement, management and control of the NFRs as well as for the measurement and control of the related internal capital;
- Group insurance strategies proposed by the competent functions.

#### 2) Consulting and information concerning:

- the main NFRs, for the industry and for the Group, and overall strategies for their optimization;
- the relevant Group and local Legal Entities issues (also emerging by the activities carried out by local GNFRC Committees) concerning NFR and ICS, evaluating weaknesses and shortcomings and - if needed - recommending and prioritizing corrective actions, as well as monitoring main implementation plans milestones;
- external events having potential impact on Group NFRs profile, and best practices and/or lessons learned deriving from events, assessments and action plans - defined by the Group Legal Entities;
- the periodical reporting provided by Risk Management on operational losses (with particular focus on events having relevant financial impacts), near misses, Risk Weighted Assets, Indicators and Scenario Analysis;
- the Compliance and Risk Management evidences on second level controls carried out, as well as on current and expected impacts of regulations monitored;

## Part E - Information on risks and hedging policies

- the Group relevant risks/criticalities highlighted by Internal Audit function, for specific cases and in relation to specific areas or geographies;
- the strategic guidelines on Group Risk Appetite proposals including capitalization targets and capital allocation criteria for Group Non-Financial Risks;
- the monitoring the information flows on the exercise of the powers sub-delegated by the CEO according to the current Delegation of Powers by the Board of Directors and on the new sub delegation granted;
- the Internal Validation annual Regulatory Report on operational risk.

In order to evaluate the strength or the potential criticalities related to the ICS, the GNFR evaluates the significant or critical elements emerging from reports produced by External Regulators (i.e. ECB, SSM, Bank of Italy, Consob, etc.), from other Group Functions with control duties or operating within the ICS (e.g. ICT, Security, Operations, Procurement and Cost Management) and External Auditors.

Group Non Financial Risks structure (GNFR) is responsible for the governance and control of operational and reputational risks (including operational risks bordering on credit risk, alias Cross Credit risks) of the Group and for evaluating its exposure to operational and reputational risks, providing frameworks, methodologies and coordination of risk assessment activities and guaranteeing their continual and independent monitoring. The structure is furthermore responsible for defining strategies to mitigate such risks and containing the related losses and risk weighted assets. The structure is responsible for ensuring integrated analysis and reporting, involving and in alignment with the other control functions (i.e. Compliance, Audit) on the main operational and reputational risks of the Group. The structure is also responsible for the governance and control of ICT/Cyber Risks, through the definition of the framework for the management of ICT/Cyber risks, the coordination and monitoring of the Group Entities in its implementation, the measurement, assessment and control of ICT/Cyber risks for UniCredit S.p.A.

The structure is organized as follow:

- Operational Risks Analytics and Oversight is responsible to define principles and rules at Group level for identification, assessment, control and reporting of operational risk, monitoring their correct application by Legal Entities. The structure is also responsible for defining operational and reputational risk capital measurement methodologies, conducting analysis of the Group's exposure to operational risk also based on operational risks analytics models. The structure is furthermore responsible for the definition of Risk Appetite Framework/RAF metrics of competence as well as for the related periodical monitoring.
- Reputational & Operational Risks Strategies & Mitigation is responsible to define the priority operational risk strategic areas, coordinating and monitoring the definition and planning of related relevant risks mitigation actions by the Legal Entities of the Group. The structure defines and provides methodologies for the evaluation of operational risks and controls (i.e. Risk and Control Self-Assessments -RCSA) on processes, products and projects performed by the Legal Entities of the Group. The structure is also responsible to define the methodologies for assessing the reputational risk related to activities performed by the Group, providing reputational risk assessments for UC S.p.A. and Non-Binding opinions for the other Legal Entities of the Group.
- Operational Risk Processes Assessment is responsible to oversee the operational risks for the Holding and Global functions perimeter, supporting the identification, management and monitoring of operational risks, also through the coordination of specific risk assessment activities on processes, products and projects. The structure is also responsible for the governance, identification and monitoring of the operational related credit risk for the Group ("cross credit risk"), coordinating and supporting dedicated risk assessments on business and governance processes and the related communication within Group and Local committees.
- Ict & Cyber Risk is responsible to define and monitor the most relevant ICT and Cyber Risks areas within the Operational Risk Framework, in coherence with the Risk Appetite Framework and Group strategic objectives; the structure is also responsible to identify, evaluate and control ICT & Cyber risks, and to coordinate and monitor their correct management by the Group Legal Entities.

### Internal validation process

In compliance with regulations, an internal validation process for the operational risk control and measurement system has been set up for the Parent company and for the relevant Legal Entities in order to verify the compliance with regulations and Group standards. This process is under the responsibility of Group Internal Validation department. Group methodologies for measuring and allocating the capital at risk and the IT system are validated at Parent company level by the above-mentioned department, as well as the implementation of the operational risk control and management system within the relevant Entities, which is firstly analyzed through a self-assessment performed by local Operational Risk Management functions, following the technical instructions and policies issued by Group Internal Validation. The results of the local self-assessments are annually verified by Group Internal Validation, which also performs additional analysis on data and documentation. Such evidence is the basis for the release of specific Validation Reports to the relevant subsidiaries. The local self-assessment, together with the opinion of Group Internal Validation and Internal Audit report are submitted to the Legal Entities' competent governing bodies.

The validation outcomes on the operational risk control and measurement system, both at the Parent company and controlled Entities level, are annually consolidated with the annual validation report which, with the annual Internal Audit report, is presented to the UniCredit S.p.A. Board of Directors.

### Reporting

A reporting system has been developed by the Parent company to keep senior management and the Management Body regularly informed on the Group operational risk exposure and the risk mitigation actions.

In particular, weekly reports are provided on operational losses trend, the main initiatives undertaken to prevent or mitigate operational risk in the various business areas and main operational risk events.

## Part E - Information on risks and hedging policies

Quarterly updates are provided on capital-at-risk estimations and RAF metric monitoring. Operational loss reports, submitted to Group Non-Financial Risks and Controls Committee are periodically provided to Regulators.

### Operational risk addressing and mitigation

The identification of the Group and Legal Entity Operational Risk Mitigation Strategies (Group and Legal Entity ORMS) is performed by the Operational Risk functions through a set of recurring yearly activities at Group and Legal Entities level to assess the Group and Legal Entities relevant risks and define the most appropriate mitigation actions in their scope to reduce such risk.

Group ORMS constitute a steering instrument for Group and Local Entities, aimed at assuring operational risk sustainability through a structured and proactive approach to risk mitigation and at strengthening the controls framework for specific process areas. Group ORMS are submitted for approval to GNFR and the Holding Company Board of Directors: once approved, the Group ORMS become effective and shall be sent to the LEs to be submitted for the validation by Local Risk Committee and for approval by Local competent Bodies, together with the Local ORMS.

The Group and local ORMS are defined through:

- the Preliminary Self-Risk Assessment, a qualitative evaluation on selected forward-looking key risk drivers performed yearly by local ORMs leveraging on a list of key risk drivers provided by GNFR;
- the definition of Group Operational Risk priorities (also named Top Operational Risks - TOR), which are based on the identification of the most relevant operational risks, chosen after the qualitative evaluation on selected forward-looking key risk drivers and the analysis of risks highlighted by Legal Entities, performed yearly - jointly with GNFR - aimed at shaping an integrated view of risk control activities;
- the identification of Group ORMS, which define the mitigation actions linked to the Operational Risk Priorities and to their main weak points/points of concerns.

The Local ORMS are identified through the definition of the mitigation actions linked to both the Operational Risk priorities with their main weak points/points of concerns and the specific additional Operational Risks, relevant at local level.

During the year, the status of the mitigation actions plan related to Group and Local ORMS, is monitored on a regular basis, following a risk-based approach, reporting any relevant deviation to the competent Committees at Group/local level, as appropriate, for information and discussion; the local ORMs will also provide regular reporting to GNFR for information.

### Operational Risk Permanent WorkGroup (PWG)

The "Global Operational Regulation Group Operational Risk Mitigation Strategies" rules the PWG, an inter-functional working group established in the Legal Entities, which aims at identifying the root causes of Operational Risks and reduce the Operational Risk exposure of the Legal Entity, leveraging mainly on the expertise of the Operational Risk and the other competent functions (e.g. Compliance, Security, Business functions, etc.) involved time by time.

The meetings, called at least quarterly, contribute to identify the risks, propose the mitigation actions and monitor their status.

### Insurance as risk mitigation

The Operational Risk Management function is involved in the decision process related to insurance coverage with analyses regarding the exposure to operational risks, effectiveness of deductibles and of policy limits. It regularly informs management on insurance related matters connected to operational risks. The role of the Operational Risk Management function in insurance management is defined in the "Global Operational Regulation Group Operational Risk Mitigation Strategies".

Any relevant change to insurance hedging strategies is proposed by to the relevant Risk Committee for approval.

The operational risks commonly insured in the Group are damages to physical assets, frauds and liability toward third parties.

On the basis of a risk classification, the Group has insurance policies according to the following forms:

- internal fraud: BBB policy, according to Employee Dishonesty insuring clause;
- external fraud: BBB policy, according to the following insuring clauses: On Premises and In Transit (including loss of property resulting directly from theft & robbery), Forgery or Alteration, Computer Manipulation, included the cases of "fraudulent impersonation of counterparty" aimed at the execution of fraudulent transactions (e.g., "CEO frauds");
- ICT and cyber breach: Cyber policy, coverage for liability claims (including legal expenses and customer notification costs), business interruption costs (included also damages to UniCredit group caused by the system failure of the external IT providers) and some commercial initiatives offering a compensation to damaged customers. The coverage is extended also to group multimedia liability (i.e., infringement of the copyright, defamation and general negligence in the course of publication);
- protection for the personal liabilities of the management including legal expenses: Directors and Officers Liability (D&O) policy;
- employer's liability (E.L.): protection for the Bank's liability against claims for damages suffered by employees (compared to third-party);
- third Party Liability policy (TPL): protection for the bank against claims for damages suffered by third parties;
- external occurrences: Property ALL RISKS policy as well as EDP ALL RISKS policy are provided in respect of buildings and other assets extended to natural events, catastrophic losses, vandalism and terrorism, Fine Art policy to cover entrusted or owned works of art.



## Part E - Information on risks and hedging policies

AMA includes the effect of the “Bankers Blanket Bond” coverage on ET1 (“Event Type 1”) “Internal Frauds”. In particular, its impact is recognised by applying the following haircuts (aimed at considering uncertainty and mismatching elements theoretically linked to an insurance), which are updated on annual basis:

- residual Term of Policy - longer than 1 year aims to keep coverage stability;
- cancellation Terms - longer than 1 year aim to keep coverage stability (as well as for residual terms);
- probability of Insurance Recovery (PoIR) - its calculation addresses uncertainties and responsiveness of insurance policies related to “mismatches in coverage”;
- recovery Rate - it considers the split of fines and penalties in internal losses (other deviations from full recovery already included in PoIR);
- probability of Default of Insurers - it contributes to estimate the ability of insurer to pay in a timely manner, considering the potential credit risk associated with the insurance asset and the related time delay;
- discount factor - applied to the recoveries, considers that the final payment is expected with a delay defined by the time delay.

### ELOR (Expected Losses on Revenues) Monitoring

ELOR is a ratio estimated, for the Group and for the main Legal Entities, with a statistical model, based on the historical losses time series and forward-looking factors, as numerator, and the budget revenues, as denominator.

ELOR is monitored on quarterly basis using the actual losses on actual revenues booked in each quarter. The comparison between the thresholds estimated at the beginning of the year and the actual calculated on each quarter allows a close monitoring by the Parent Company of changes or reactions put in place by the Legal Entities to reduce and prevent risks. These analyses are also used to evaluate the impact of mitigation actions implemented in the past and as a base for future strategies and mitigation activities, as well as the improvement of existing ones.

A disciplined approach in monitoring expected losses and implementing remedial actions will ensure consistency with best practice standards, increasing accountability and alignment between business and risk control functions.

### Stress test

Since 2017, the Group has carried out regular stress analyses for operational risks. These include the stress test exercise for the Group, aimed at verifying, through the use of a statistical-econometric model, the impact in terms of operating losses - as well as the consequent repercussions on capital at risk - of the changes in the underlying macro-economic factors, using articulated economic scenarios discussed and defined by the Group Stress Test Council on the proposal of the Research Department. This exercise is carried out twice a year, or on request, whenever an analysis of this type is required, to assess the risks deriving from possible worsening of the macro-economic context.

### Risk capital measurement and allocation mechanism

UniCredit group developed an internal model for measuring the capital requirements. It is based on internal loss data, external loss data (collected from the international consortium ORX - Operational Riskdata eXchange Association), scenario loss data and risk indicators. Capital requirement is calculated at Group level, considering the risk classes. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution.

The severity distribution is estimated on internal, external and scenario data, while the frequency distribution is determined using only the internal data. The severity distribution is selected among a portfolio of parametric distribution (truncated lognormal, truncated Weibull, truncated loglogistic, generalised Pareto, shifted lognormal) applying a decision tree on internal data to identify the set of distribution/threshold best describing the tail severity data for each risk class.

Frequency of loss data is modelled by a Poisson distribution. For each risk class, the annual loss distribution is obtained from severity and frequency through Monte Carlo simulation. An adjustment for key operational risk indicators is applied to the annual loss distribution estimated for each risk class.

Annual loss distributions of risk classes are aggregated considering correlation among monthly loss data of risk classes. Correlation is estimated through a Student-t copula function and the overall annual loss distribution is obtained through Monte Carlo simulation, considering also insurance coverage. Group AMA capital requirement is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes and for economic capital purposes. Expected loss, for each risk class, is calculated as the minimum between median of loss distribution and available specific provisions related to ordinary internal loss data. Deduction for expected loss is calculated summing up the expected losses of the risk classes without exceeding the median of overall distribution.

Through an allocation mechanism, the individual Legal Entities' capital requirements are identified, reflecting the Entities exposure to operational risk.

## Part E - Information on risks and hedging policies

The allocation mechanism is based on two steps:

- the Group capital requirement is allocated to model Hubs (sets of similar Legal Entities, in terms of geographical area or business type) proportionally to their relative Standardised Approach (TSA), Operational losses and stand-alone capital at risk figure;
- the Hub capital at risk is then allocated to individual Legal Entities on the basis of their TSA, historical loss profile and scenarios.

The Advanced Measurement Approach (AMA approved by the Supervisory Authority in 2008 has been upgraded and deeply revised (starting from 30 June 2014 reporting) leading to a second-generation model newly approved by competent authorities in 2014. The findings resolution on second generation model led to the last model version, starting from 31 December 2015 reporting. Key operational risk indicators adjustment has been fine-tuned, from 31 December 2017 reporting, to incorporate some observations included in the letter by ECB "follow-up review of AMA 2 findings" submitted in July 2016. A model change has been applied from 31 December 2018 reporting date, in order to improve the accuracy and the risk sensitivity of the Operational Risk capital requirement calculation, including an add-on, while the Supervisory Authority was completing the investigation. This model change has been finalised from the 30 June 2019 reporting, in order to address the Supervisory Authority findings, remove the add-on, and make the model compliant with the EU Regulatory Technical Standards (EU Regulation 2018/959 of 14 March 2018). The Legal Entities not yet authorised to use the advanced methods contribute to the consolidated capital requirement on the basis of the Standardised Approach (TSA) or Basic Indicator Approach (BIA) model.

### *B. Legal risks*

The parent company UniCredit S.p.A. and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as at 31 December 2021, the parent company UniCredit S.p.A. and other UniCredit group companies were named as defendants in about 55,900 legal proceedings, of which approximately 8,500 involving the parent company UniCredit S.p.A. (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). In addition, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which UniCredit group may not lawfully know about or communicate.

The Group is also required to fulfil appropriately various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, EU, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead to additional litigation and investigations and subject the Group to damages claims, regulatory fines, other penalties and/or reputational damages. In addition, one or more Group companies and/or their current and/or former directors are subject or may in the future be subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which the Group operates. These include investigations and/or proceedings relating, inter alia, to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of UniCredit group's business and its reorganisation over time, there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.

In many cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. Where it is possible to estimate reliably the amount of possible losses and the loss is considered as more likely than not, 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 of the case and in compliance with the International Accounting Standards (IAS). To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as at 31 December 2021, UniCredit group set aside a provision for risks and charges of €688.4 million, of which €428.1 million for the parent company UniCredit S.p.A.

As at 31 December 2021, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings amounted to approximately €9.8 billion, of which approximately €6.4 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.

The estimate for reasonably possible liabilities and the provisions are based upon the available information, however, given the many uncertainties inherent in legal proceedings, they involve significant elements of judgment. Therefore, any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions. Set out below is a summary of information, including, if material and/or indicated, the single requests of the plaintiffs, relating to matters involving UniCredit group which are not considered groundless or in the ordinary course of the Group companies' business.

This section also describes pending proceedings against the parent company UniCredit S.p.A. and/or other UniCredit group companies and/or employees (even former employees) that the parent company UniCredit S.p.A. considers relevant and which, at present, are not characterized by a defined claim or for which the respective claim cannot be quantified.

Unless expressly mentioned below, labour law and tax claims or debt collections proceedings are excluded from this section and are described elsewhere in the notes of this section. In accordance with IAS37, information that would seriously prejudice the relevant company's position in the dispute may be omitted.

## Part E - Information on risks and hedging policies

### Proceedings which involve the parent company UniCredit S.p.A.

#### **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 31 December 2021, there were several pending civil proceedings against UniCredit Bank Austria AG (“UCB Austria”) for the total claimed damages amount of €5 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 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 €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. At present the proceeding is pending in the first instance.

#### ***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 €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.

#### **Financial sanctions matters**

Following the settlement in April 2019, the U.S. and New York Authorities require an annual external review regarding the evolution of the process implementation. In light of the request, in 2020 the Group appointed an external independent consultant. Following the interaction with the independent consultant and also considering the mandatory commitments towards the Authorities, the parent company UniCredit S.p.A., UCB AG and UCB Austria AG have implemented additional requirements and controls, about which the banks make periodic reports to the Authorities.

#### **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 €69.4 million on the parent company UniCredit S.p.A. and UCB AG. The parent company UniCredit S.p.A. 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.

## Part E - Information on risks and hedging policies

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.

### Proceeding relating to certain forms of banking operations

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 31 December 2021 (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 €1.1 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 €692 million, mediations included) and the German market (for which the claimed amount against UCB AG was €28 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around €162 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 September 2016, UCB Austria and Zagrebačka Banka ("Zaba") initiated a claim against the Republic of Croatia under the Agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses suffered as a result of the Conversion Amendments. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers requested so. The Government of the Republic of Croatia reached an agreement with six local banks, including ZABA and UCB Austria, as a result of which on 30 June 2021 the parties have jointly requested the arbitral tribunal to discontinue the proceedings.

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 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 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 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.

## Part E - Information on risks and hedging policies

### 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 S.p.A. 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 remains pending. The settlement cannot be effectuated while the appeal remains pending. If the judgment continues to be upheld on appeal, the escrowed amount will be paid over to the State of New Mexico and the Defendants, including UniCredit S.p.A., 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.

#### 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 €276.6 million, legal fees and interest. Divania also seeks 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 €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 filed two additional lawsuits before the Court of Bari: (i) one for €68.9 million in 2009 (subsequently increased to €80.5 million), essentially mirroring the claims brought in its lawsuit filed in 2007; and (ii) a second one for €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 €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 €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 €13.3 million). The judgment of the Court of Appeal became final between the parent company UniCredit S.p.A. and Divania; however, Divania's guarantor may still appeal to the Supreme Court.

#### 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 €68 million in damages. 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 €48 million and €170 million, 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 €12.8 million in damages.

The four lawsuits - two of which were settled - pertain to allegedly unlawful conduct with regard to certain loans and certain derivative transactions. At present, (i) the parent company UniCredit S.p.A. won the first case both in the first-instance and on appeal and the case has been settled; (ii) the Bankruptcy Trustee and the parent company UniCredit S.p.A. reached a settlement agreement approved by the Court for the second case; (iii) the third case is pending in the first-instance and in July 2020 the bankruptcy trustee and the parent company UniCredit S.p.A. reached a settlement agreement by which the bankruptcy trustee waived its claims against the Bank; the case will continue between the parent company UniCredit S.p.A., on one side, and the former statutory auditors and guarantors of the plaintiff, on the other, in light of the contribution claims raised by the latter.



## Part E - Information on risks and hedging policies

against UniCredit S.p.A. in the context of the same proceedings; and (iv) the fourth case is in its conclusive phase. The settlement of the first two cases led to a reduction of the overall claimed amount to €13.5 million.

### **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 €12 million for compound interest (including alleged usury component) and €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 the parent company UniCredit S.p.A. 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 €84 million. The criminal court of first instance acquitted the defendants.

This decision was reversed by the Court of Appeal of Rome, which found all the defendants guilty. Following a further appeal, while stating that some accusations were time-barred, the Supreme Court confirmed the court of Appeal's findings on the civil law requests raised by the Bank.

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 €15 million) was won by the Bank 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 €379 million) case the Court of Rome ruled in favour of the parent company UniCredit S.p.A. and the plaintiffs have appealed. In the view of the parent company UniCredit S.p.A., these lawsuits currently appear to be unfounded, in particular in light of the criminal judgment by the Court of Appeal of Rome and the civil judgment by the Court of Rome.

### **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 €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 €17 million. The appeal is pending. In November 2017, So.De.Co. filed a separate lawsuit against NCP and its former directors. The case is ongoing. 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 Art.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 pertaining to the Diamonds offer topic see the paragraph “E.Other claims by customers - Diamond offer” of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, Section 5 - Operational risk, Qualitative information.

### Other proceedings

#### **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”).



## Part E - Information on risks and hedging policies

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. 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 has made provisions.

### 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.

### 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 the Bank provided inadequate disclosure about the fund structure and the related tax consequences. A settlement was reached with the vast majority of the plaintiffs. An outstanding final decision with respect to the question of 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.

### 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 mis-selling due to allegedly unlawful investment advice. The damage claims amount to €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 €129.86 million (plus costs €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 17 June 2021, at Valauret's request. Valauret's claim is likely time-barred.

## Part E - Information on risks and hedging policies

### 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 (approx. €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".

### C. Risks arising from employment law cases

UniCredit is involved in 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 relating to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

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

Lawsuits brought against UniCredit S.p.A. aimed to reconstitute the patrimony of the fund, ascertain and quantify social security individual position of each member, are pending before the Supreme Court following previous degree decisions favourable towards the Bank. Claims' value is about €384 millions. No disbursement and no provisions have been made as these claims are considered groundless.

### D. Risks arising from tax disputes

The following information pertains to the most relevant litigations born in 2021 and to those already pending at the beginning of the fiscal year, which have been decided or otherwise defined. For the litigations which are not mentioned, reference must be made to the financial statements of previous fiscal years.

#### Pending cases arising during the period

During the second half of 2021 no litigations claiming relevant values are noticed.

#### Updates on pending disputes and tax audits

The dispute started by UniCredit S.p.A. for the denial of a refund request for IRES fiscal years 2007, 2008 and 2009 - total value €1,9 million - ended the first-degree Tax Court with an unfavourable decision. UniCredit will appeal the decision in terms of law.

With regard to the dispute started by former "Cassa di Risparmio di Torino" (now UniCredit S.p.A.) against the silent-reject of a refund request for IRPEG and ILOR fiscal year 1984 - total value €3,4 million - the Supreme Court (Corte di Cassazione) with a judgment dated 5 November 2021, accepted the appeal by Avvocatura dello Stato providing the referral of the dispute at the second-degree Tax Court in Turin; UniCredit will continue the proceeding in terms of law.

The dispute concerning a notice of assessment for VAT (former UniCredit Banca S.p.A.) related to operating costs of business conventions - total value €2,3 million - was discussed in the second-degree Tax Court Emilia Romagna; UniCredit is waiting for the issue of judgement.

With regard to the dispute started by former "Banco di Sicilia S.p.A." (now UniCredit S.p.A.) against the silent-reject of a refund request for further interest - compared to what refunded by the Tax Authority - for ILOR tax credit year 1993 (capital quote was refunded) - total value €3,5 million - the second-degree Tax Court in Palermo, who reassumed the litigation after the statement of the Supreme Court (Corte di Cassazione), with a judgement dated 6 December 2021 postponed the case;

With regard to a set of litigations concerning tax refund claims following the exercise by Banca Farmafactoring of the right to transfer back the receivables previously transferred to it by UniCredit S.p.A., the following is reported:

- denial of refund request for IRPEG 1989 submitted by former Cassa di Risparmio Reggio Emilia, for an amount of €1,89 million for IRPEG tax and €1,82 for interests: the second-degree Tax Court with a decision issued on 3 January 2022 rejected the Tax Authority appeal confirming the right of UniCredit to obtain €1,9 million refund. The terms of law for appealing the sentence by Tax Authority at the Supreme Court (Corte di Cassazione) are ongoing;
- denial of refund request for IRPEG 1997 submitted by former Banca di Roma S.p.A., for a total amount of €43,5 million: the date for discussing was set on 2 February 2022 at the second-degree Tax Court Lazio;
- denial of refund IRPEG tax credit years 1994-1997 and ILOR year 1996 former Banca Mediterranea - total value €31 million : the second-degree Tax Court Basilicata during the hearing on 22 October 2021, ordered the Tax Authority to deposit the reports on the bases of which the assessment was notified and related to the disputing tax period, and postponed the case.

## Part E - Information on risks and hedging policies

Related to defined litigations the following is reported:

The dispute started by former "Gruppo Bancario Credito Romagnolo S.p.A." (now UniCredit S.p.A.) against the silent-reject on refund request for IRPEG and ILOR tax years 1979 - total value €1,8 million - concluded with the Supreme Court final decision without referral dated 13 December 2021, upheld the appeal by Avvocatura dello Stato setting the extinction of the case and the foreclosure for UniCredit S.p.A. to obtain the refund.

The dispute against the silent-reject Tax Authority Agrigento for tax credit from 770 tax form for year 1986 former Cassa Rurale di Palma di Montechiaro - total value €0,11 million - concluded with the Supreme Court definitive decision dated 9 December 2021 rejecting the appeal by Avvocatura dello Stato and confirming definitely the UniCredit's refund right.

Concerning the Tax Audit involving UniCredit Leasing S.p.A. for VAT fiscal years 2016-2017 with purpose the correct fulfil of VAT tax obligations, in particular for nautical leasing contracts:

- Year 2016: on 2 November 2021 the Tax Authority - Direzione Regionale della Lombardia - Ufficio Grandi Contribuenti notified an assessment totaling €1 million. UniCredit Leasing S.p.A. commissioned an external consultant for the follow-up.
- Year 2017: Fiscal Audit is still ongoing.

On 31 December 2020 the total provisions for risks connected to fiscal disputes and fiscal audit amounted to €151,2 million, including €6,3 million for legal fees. On 31 December 2021 the total provisions for risks connected to fiscal disputes and fiscal audit amount to €182,45 million, including €2,92 million for legal fees.

### *Tax proceedings in Germany*

Reference is made to the paragraph "B. Legal risks" of the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter - 2.5 Operational risk - Qualitative information.

### *E. Other claims by customers*

Reference is made to the paragraph "E. Other claims by customers" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, Section 5 - Operational risk, Qualitative information, which is herewith quoted entirely.

### *Diamond offer*

Reference is made to the paragraph "E. Other claims by customers - Diamond offer" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, Section 5 - Operational risk, Qualitative information, which is herewith quoted entirely.

### **Quantitative information**

UniCredit group mainly uses the advanced method (AMA) for calculating the capital against operational risks. Companies not yet authorised to use the advanced method contribute to the consolidated capital requirement on the basis of the Standardised Approach (TSA) or Basic Indicator Approach (BIA) method.

The weight of the different methods, expressed in terms of contribution to the total relevant indicator of the Group, is as follows: AMA 87.90%, TSA 8.14%, BIA 3.96%.

The AMA perimeter embeds Group main legal entities in Italy, Germany, Austria, as well as UniCredit Services. AMA is also applied to main legal entities of CEE countries including Slovenia, Czech Republic, Slovakia, Romania, Croatia, Bulgaria and Hungary.

Main TSA and BIA legal entities are AO UniCredit Bank (Russia) and UniCredit Factoring S.p.A.

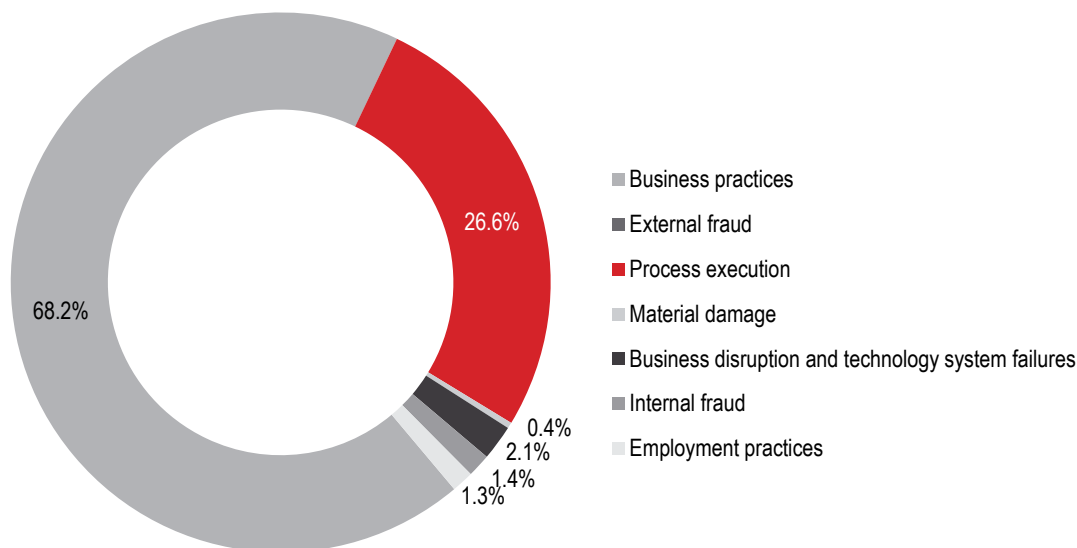
Detailed below is the percentage composition at Group Level, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the Regulations for the Prudential Supervision of Banks issued by Banca d'Italia in December 2013 (Circular No.285/2013 and following updates).

## Part E - Information on risks and hedging policies

The risk categories for event type are the following:

- internal fraud: losses owing to unauthorised activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of the bank;
- external fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- employment practices and workplace safety: losses arising from actions in breach of employment, health and workplace safety laws or agreements, from personal injury compensation payments or from cases of discrimination or failure to apply equal treatment;
- clients, products and business practices: losses arising from non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided;
- damage to physical assets: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- process management, execution and delivery: losses owing to operational or process management shortfalls, as well as losses arising from transactions with commercial counterparties, sellers and suppliers.

**Operational losses 2021 divided by risk category**



“External fraud” is not shown in the chart since it has a negligible impact in the reference period due to the effects of recoveries and releases of funds.

In 2021, the main source of operational risk was “clients, products and business practices”, which includes losses arising from the non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided.

The second largest contribution is the category is “errors in process management execution and delivery” due to operational or process management shortfalls.

There were also, in decreasing order, losses stemming from “business disruption and technology system failures”, “internal fraud”, “employment practices” and “material damage”.

Information on Operational risk are reported in Notes to the consolidated accounts, Part E – Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, B. Legal risks, C. Risks arising from employment law cases and D. Risks arising from tax disputes.

## Part E - Information on risks and hedging policies

### 2.6 Other risks

#### **Other risks included in Economic Capital**

As reported in the paragraph Introduction (Part E - Information on risks and hedging policies), among the Group's risks there are other risks relating to Pillar II that are Business Risk, Real Estate Risk, Financial Investment Risk and Reputational Risk (the latter is described in the paragraph Reputational Risk, Part E - Information on risks and hedging policies). For each risk, the Economic Capital calculation is performed adopting a confidence level equal to the regulatory level (99.90%) and a one-year time horizon.

##### **1. Business risk**

Business Risk is defined as adverse, unexpected changes in business volumes and/or margins on a one-year time horizon; in this context the margin is defined as the difference between earnings and costs not explained by risk factors already included, e.g., in credit, market, operational risk. Business risk can result, above all, from changes in the competitive situation or customer behaviour, but may also result from changes in the reference regulatory framework.

The exposure data used to calculate Business risk are taken from the income statements of each Entity of the Group for which the risk is significant. Volatility and correlations are estimated from the time series of the relevant items of the Income statement reports.

The Business Risk calculation is performed on a quarterly basis for monitoring and for planning purposes according to the relevant time schedule.

##### **2. Real estate risk**

Real Estate Risk is defined as the potential loss resulting from market value fluctuations of the Group's real estate portfolio, including real estate Special purpose vehicles. It does not take into consideration properties held as collateral which are evaluated inside credit risk.

The relevant data for the Real Estate Risk calculation includes general information relating to properties and area or regional rental price indexes for each property to enable calculation of volatility and correlation in the model.

The Real Estate Risk calculation is performed on a quarterly basis for monitoring purposes with a portfolio updated semi-annually and for planning purposes according to the relevant time schedule.

##### **3. Financial investments risk**

Financial investments risk stems from the equity investments held in companies not included in the Group consolidation perimeter and not encompassed in the Market Risk managerial framework.

The relevant portfolio mainly includes listed and unlisted shares, private equity, units of mutual, hedge and private equity funds. For all the Group equity positions, capital charges may be calculated using either a PD/LGD-based approach or a market-based one. Listed equity holdings and funds, which are a subset of Financial Investment risk are treated relying on the Market Risk Internal Model infrastructure. The unlisted component is evaluated into the Group Credit Portfolio Model (GCPM). The calculation of the risk is based on a Value at Risk (VaR) model calculated at 99.90% confidence level and is executed inside credit and market risk models according to the nature of the underlying portfolio. The Financial Investments Risk is calculated on a quarterly basis for monitoring and for planning purposes according to the relevant time schedule.

#### **Risk measurement methods**

##### **1. Internal Capital**

As described in the paragraph Introduction (Part E - Information on risks and hedging policies), within the Internal Capital Adequacy Assessment Process (ICAAP) and in line with the proportionality principle defined in Pillar II of Basel II, the risk profile of the Group and the main Group Legal Entities is assessed for all the Pillar II risk types (Credit, Market, Operational, Reputational, Business, Financial Investments and Real Estate risks).

The Internal Capital represents the capital needed to face the potential losses inherent in the Group's business activities and takes into consideration all the Pillar II risk types reported above that are quantifiable in terms of Economic Capital. The effect of the diversification among risk types ("inter-risk diversification") and of the diversification at portfolio level ("intra-risk diversification") is also considered. In addition, a Capital add-on is calculated as prudential cushion in order to account for Model Risk uncertainty.

As for its components, the Internal Capital is calculated on a one-year time horizon and adopting a confidence level equal to the regulatory level (99.90%). For monitoring purposes, the Internal Capital is calculated quarterly and disclosed to Senior Management quarterly through RAF Monitoring & Integrated Risk reporting; it is also calculated for planning purposes according to the relevant time schedule.

Consistently with the corporate governance system, the function Integrated Risks of UniCredit S.p.A. is responsible for the Group Economic and Internal Capital methodology development and their measurement, as well as for the setting and implementation of the Group related processes. The "Group Rules", after the approval, are submitted to relevant Legal Entities for local approval and implementation.

## Part E - Information on risks and hedging policies

### 2. Stress Testing

The multidimensional nature of risk requires to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to assess their impacts in terms of capital requirements. Stress testing is a key risk management tool for the management of the relevant risks in order to assess the bank's vulnerability with respect to exceptional but plausible events, providing additional information to the monitoring activities.

Stress testing activities, in compliance with regulatory requirements, are performed on the basis of a set of internally defined stress scenarios, that include the Group main geographies where the Group is active and are carried out at least twice a year.

In the context of the activities of risk measurement prescribed by Pillar II, the Group stress test methodology considers the impacts on the various risks generated from the materialization of the macroeconomic adverse scenarios. These scenarios are drawn analysing both current macroeconomic events and plausible future events that could take place and that are considered penalizing for the Group.

The stress test exercise is performed both with reference to single risk types and as an overall considering possible interactions. The results of the exercise are represented by the additional expected losses and by the stressed Economic Capital. The overall results consider both the single risk variations as well as any possible benefit of diversification.

Since 2017, two complementary approaches are considered in stress testing activities: the so called "Normative Perspective" focuses on the impacts of stressed scenarios on regulatory capital metrics while the "Economic Perspective" quantifies impacts of scenarios on the Economic Capital.

The Group Senior Management is involved in the Group-wide stress test in the following phases:

- macro-economic stressed scenarios approval used to estimate the impacts on regulatory and economic capital;
- after the exercise is finalised, with the approval of the results and impacts and a potential discussion of actions to return into the predetermined limits of capital.

The adequacy of the risk measurement methodologies supporting the ICAAP, including stress testing and risk aggregation, is checked by internal validation functions.

### Reputational risk

Reputational risk is defined as the current or prospective risk to earnings or capital decrease arising from the adverse perception of the image of the financial institution on the part of customers, counterparties (including also debt-holders, market analysts, other relevant parties, such as civil society, NGOs, media, etc.), shareholders/investors, regulators or employees (stakeholders).

Reputational risk is a secondary risk generated as a "knock-on effect" from risk categories, such as credit, market, operational and liquidity risks and all others risks types (e.g., business risk, strategy risk, ESG risk which considers the environmental, social and governance aspects of responsible investments). Reputational risk could also be generated from material events.

Since 2010 UniCredit group has ruled the reputational risk and the policy currently in place is the Group Reputational Risk management policy which aims at defining a general set of principles and rules for assessing and controlling reputational risk. In addition, since 2017 the Global Process Regulation "Reputational Risk management for Material Events" has been in force with the aim of defining a straightforward escalation process to the Parent Company's Senior Management for events not managed via existing Reputational Risk processes, in order to allow it to react promptly in managing the potential consequences. On top of the Global Policy and Process Regulation, a set of sensible sectors policies has been issued during the years, in order to mitigate specific reputational risks that arise from having relationships with counterparties operating in these sectors. The current policies are "Defense/Weapons Industry", "Nuclear Energy", "Mining", "Water Infrastructure (dam)", "Thermal Coal" and "Oil & Gas". In 2021, it has been completed the update of the "Thermal Coal" policy, which provides the exit from the coal industry in all markets by 2028. Also, it has been reviewed the approach of the "Oil & Gas" policy, by defining the Customers classification based on the revenues from oil & gas activities and by enlarging the forbidden financial supports for specific oil & gas activities.

The reputational risk management is in charge to the Group Non-Financial Risks Department of UniCredit S.p.A. and to dedicated functions within the Group legal entities.



## Part E - Information on risks and hedging policies

In 2021, within the review of the Group Committees, the Group Non-Financial Risks and Controls Committee (GNFRC) - Reputational Risk dedicated session has been established.

The Committee meets with approval functions, according to the regulations in place, for the following topics:

- Governance policies and guidelines for the management of the reputational risk on sensitive sectors and customer relationships;
- Binding Opinions, whenever a relevant reputational risk is present on specific single transactions/relationships - as foreseen by the Internal Regulations - to be provided to UniCredit S.p.A. functions;
- Non-Binding Opinions, whenever a relevant reputational risk is present on specific single transactions/relationships - as foreseen by the Internal Regulations - on cases submitted by Local NFRC, to be provided to other Group Legal Entities.

The Committee meets with consulting and information functions for the following topics, evaluating and providing guidelines with reference to:

- Reputational risk relevant emerging trends or material events, for their implications on Group and Local strategies, initiatives, transactions, projects, customers or other business activities, leveraging on evidences and assessments provided by Risk Management, Compliance, Legal, Group ESG Strategy & Impact Banking, Group Institutional Affairs and Group Identity and Communication;
- Group relevant risks/criticalities highlighted by Internal Audit function, for specific cases and in relation to specific areas or geographies;
- Periodical reporting provided by Group competent structures on the business activities and decisions taken in relation to the defined sensitive sectors.

UniCredit group developed a proprietary methodology for the quantification of reputational risk and the consequent calculation of the Value-at-Risk (VaR) for such a risk.

The methodology estimates the semi-elasticity between the "media sentiment" referred to UniCredit (summarised into the Media Tonality Index, provided by an external company, PRIME Research, qualified in Reputation Intelligence and Media Monitoring) and the market expectations regarding the Group expected future profits, which are derived from equity prices via the reverse engineering of a dividend discount model, once sterilised from the effects affecting the whole European banking sector.

The Reputational VaR represents the maximum (at 99.9% confidence level) potential reduction of future earnings as derived from the estimated model parameters and the distribution of the Media Tonality Index.

### Effects arising from Covid-19 pandemic

The measures already put in place last year to protect the health of employees and clients have also effectively prevented negative impacts on the Group reputation. The monitoring of the operational events connected to Covid-19 pandemic, aimed at promptly detect process criticalities or improper behaviors, allowed also to mitigate related potential reputational risks.

### Top and emerging risks

In UniCredit, the management and monitoring of risks is based on a dynamic approach; Top Management is promptly informed on top risks and/or emerging risks through a strict monitoring process embedded in the risk assessment process.

The Risk Management identifies and estimates these risks and submits them regularly to senior/top management and Board of Directors which take the appropriate actions to manage and mitigate risks.

The following top and/or emerging risks have been considered relevant during 2021:

1. Covid-19 pandemic evolution impacts;
2. Macroeconomic and (geo-)political challenges;
3. Climate and environmental risks;
4. Cyber security risks;
5. Risks stemming from the current Regulatory developments.

#### 1. The Covid-19 pandemic evolution impacts

The economic recovery started to gain momentum in light of the progress of vaccination campaigns started to come throughout 2021. Gradual lifting/lightening of the restriction measures favoured business activities as well as international mobility. Uneven access to vaccines across different parts of the world still represents an important point of attention. Another one is represented by the risk of new variants of the virus that could be more contagious and more vaccine-resistant, as observed in the very end of the year with new spikes of Covid-19 cases around the world due to the Omicron variant.

The outlook of the pandemic evolution remains very much dependant on the vaccination progress and its effectiveness, especially against new variants of the virus, on a global scale.

Naturally, some industries and sectors remain still more vulnerable to the eventual worsening of the pandemic evolution and new stringency measures and this vulnerability may translate into the impacts on the households via employment prospects. At the same time, businesses' try to become as much resilient as possible in the context of prolonged pandemic.

Households' resilience still benefits from the increased precautionary savings, to be seen if they translate into higher future consumption/investment as large share of them are currently in deposit accounts.

## Part E - Information on risks and hedging policies

The governments supporting measures and monetary policy response of the supervisors deployed in the 2020 have had a substantial positive impact in addressing the Covid-19 crisis. As far as ECB's jurisdiction is concerned, it is likely the monetary policy remains accommodative in the medium-term perspective, maintaining flexibility also in view of the current uncertainty regarding inflation pressure. At the same time, the institutions should prepare for the phase out of central bank facilities.

The accelerated digitalization and substantial shift towards remote-based operating model started back in 2020 continue to pose risks related to the cyber security environment as well as those linked with IT malfunctioning.

Since the pandemic outbreak, UniCredit addressed the crisis putting in place and constantly enhancing pre-emptive measures and guidelines to face the Covid-19 emergency, proactively managing the evolving situation across all dimensions of its risk profile. The Group ensures any uncertainties, including those conditioned by the context, described above, are properly addressed via its comprehensive risk management framework (e.g., stress testing).

### **2. Macroeconomic and (geo-)political challenges**

After the substantial immediate impact of the Covid-19 crisis holding back the global economy throughout the whole 2020, during 2021 signs of faster economic growth emerged with unemployment rates going down as businesses getting back on track, stock markets welcoming positive profitability trends of many listed companies. However, these signs have to be considered together with some key potential drawbacks linked to: 1) the above mentioned issue with uneven vaccination progress around the globe is crucial for determining how stable and fast will be the economic recovery; 2) imbalances between supply and demand as observed during last year (e.g. also sharply rise in cross-continental shipping costs), higher inflation, increasing at the end of the year 3) impact of withdrawal of state and monetary policy stimulus in particular in case of swift tightening measures.

In addition to those factors, the following global trends and challenges on the geopolitical arena continue to be considered relevant.

The United States government was focused on supporting its economy throughout the year amid the pandemic and markets volatility, especially in the second half of the year. As far as US foreign policy concerns, it highlighted re-engaging with global institutions and working on reinforcing relations with its key allies, positioning itself as one of the central players in addressing global crises. One of the signature accomplishment of US government in 2021 was the definitive withdrawal of American troops from Afghanistan, receiving controversial reaction on international arena, especially in light of the unrecognised Taliban government taking over the country soon after, increasing instability in the region.

One of the most relevant risks emerged closer to the year-end regards the intensified Russia-Ukraine tensions implying the risk of US and other Western countries imposing severe sanctions against Russia, should the situation deteriorate critically (e.g., military actions). The latter could have more broad-based negative consequences on inflation, market volatility, energy cost, particularly relevant for Eurozone.

Moreover, the US-China tensions remain under watch, in addition to the ones between China and his neighbours, including Taiwan, South Korea, Japan and Vietnam. The US negotiations to rejoin the Iran nuclear deal are making progress with attention needed on the tensions between Iran, Israel, and Saudi Arabia around the subject.

### **3. The climate-related and environmental risks**

In November 2019 UniCredit announced a set of sustainability targets embedding several commitments related to environment, social and governance (ESG). Moreover, in line with its aim for a continuous further integration of several sustainability topics in the business strategies of the Group, a long-term journey aimed at defining its new ESG strategy was launched in 2020 and represents a key component of a wider ongoing strategic review.

The last step of the journey consisted in the completion of a the ESG strategy, a key component of the new Group Strategic plan, launched and communicated to Group stakeholders during the Strategy Day held on 9 December 2021.

The underlying goal of this strategy is to integrate all ESG factors in Group's strategy, core business and processes, taking into account both risks and market opportunities and with a clear multi-stakeholder approach.

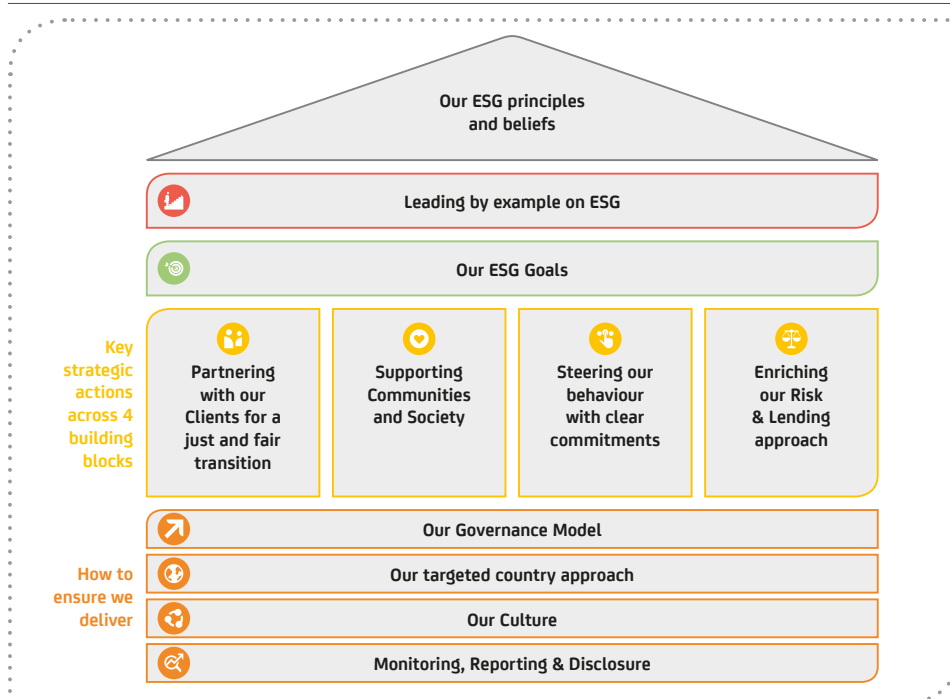
Group ESG strategy is built around four fundamentals:

- leading by example, striving for the same high standards that the Group seeks from those it does business with;
- setting ambitious ESG goals to support its customers' need for change;
- equipping the Group with tools to assist customers and communities in navigating the environmental and social transition, through strategic actions across the relevant building blocks;
- embracing and investing the resources needed to deliver and reach medium and long-term commitments (Net Zero, same salary for same role, Financial Health and Inclusion) to enable a more equal and sustainable society.

## Part E - Information on risks and hedging policies

The ESG Strategy was built around Group's principles and beliefs across the Environmental, Social and Governance dimensions, based on clear business goals and key strategic actions across four building blocks, ensuring deliverables through transparent enablers.

### OUR ESG STRATEGY: BUILDING ON STRONG FUNDAMENTALS TO DELIVER VALUE



In line with its strategy in October 2021 UniCredit joined the NZBA<sup>67</sup>, aiming at aligning its lending and investment portfolios with net-zero emissions by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement. Alliance members commit to:

- set scenario-based interim targets for 2030 or sooner for priority sectors;
- prioritise areas of most significant impact, i.e. the most greenhouse gas-intensive and emitting sectors;
- annually publish emissions and emissions intensity;
- take into account the best available scientific knowledge;
- set first target(s) within 18 months of signing and report annually thereafter;
- disclose progress against a board-level reviewed transition strategy.

UniCredit has coherently started to investigate the key pre-requisites necessary to navigate through all phases along the process to Net Zero, firstly focusing on mapping the areas/sectors to be considered in the perimeter and highlighting the emissions baseline, in order to define which type of target best serves the scientific robustness of its commitment. The Group is setting up a dedicated task force to achieve this goal, with the aim to coordinate the task at Group Level, bringing together all the relevant skills and competencies. The Group looks forward to engaging with its clients to support them in their transition plans and accelerate action on climate.

Consistently with its fundamentals the Group has set a series of ESG objective relating to both its operations and its business practices.

With reference to its operation the Group:

- has cut its greenhouse gas emissions by more than half since 2008 and its on track to achieve Net Zero by 2030. All electricity consumption in the bank's buildings in Italy and Germany come from renewable energy sources, with Austria close to reach the same level;
- will be plastic free by 2022 through incentivizing the use of metal drinking bottles across the Group and disincentivizing the use of plastic bottles;
- continues reducing the use of paper<sup>68</sup>. Almost all of the copy paper used groupwide holds an environmental label with prevalence of copy paper used groupwide is Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified.

<sup>67</sup> The Net-Zero Banking Alliance (NZBA) is convened by the United Nations Environment Programme Finance Initiative and is the banking element of the Glasgow Financial Alliance for Net Zero, chaired by Mark Carney, UN Special Envoy on Climate Action and Finance ahead of COP 26. Representing more than a third of global banking assets, with over 64 members from 36 countries and \$64 trillion in total assets (as of October 2021), the Alliance is a critical step in the mobilisation of the financial sector for climate. It recognises the vital role of banks in supporting the global transition of the real economy to net-zero emissions, encompassing both operational and attributable emissions, including Scope 3 emissions.

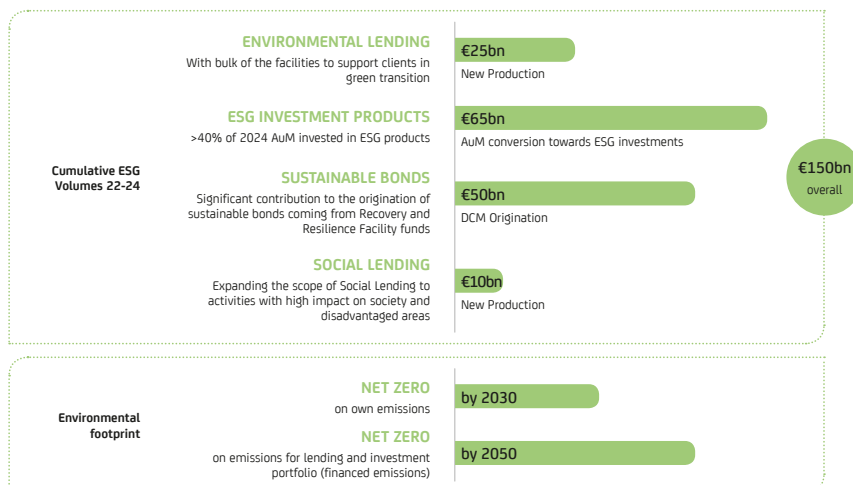
<sup>68</sup> The Paperless program, terminated at 1H21, boosted digital signature adoption through enhancement of private customers behavior and engagement initiatives.

## Part E - Information on risks and hedging policies

With reference to its business practice UniCredit has committed to reach ESG volumes of €150 billion over its Multi Year Plan horizon (2022-2024) through expanding:

- environmental lending: €25 billion new origination;
- ESG investment products: €65 billion Asset under Management conversion to ESG investments;
- Sustainable bonds: €50 billion in Debt Capital Market;
- Social Lending: €10 billion new origination.

### OUR ESG GOALS AND TARGETS



In order to achieve its objectives, the Group:

- is partnering with customers in the shift to a low carbon economy;
- is assessing its portfolio exposure to climate risk through projects like the Paris Agreement on Capital Transition Assessment (PACTA) in partnership with 2 degrees investments initiative<sup>69</sup>;
- specific policies and commitments have been put in place which contribute to human rights topics such as the Code of Conduct, the Anti-Bribery and Anti-Corruption Global Policy, the Anti-Bribery and Anti-Corruption Global Operational Regulation, the Whistleblowing Policy and the Anti-Money Laundering (AML) and Countering of Terrorist Financing (CTF) Policy, guided by the Group's Ethics Manifesto as well as Commitment to Human Rights. Furthermore, detailed guidance and policies have been developed for those sectors relevant to UniCredit that are susceptible to special environmental and social risks<sup>70</sup>. These policies are inspired by agreements, guidelines and standards (including the International Finance Corporation Performance Standards, the World Bank Group Environmental, Health and Safety Guidelines and the principles of the UN Global Compact), as well as other practices widely employed by specific industries.

### UniCredit ESG Governance

In order to reach the objective of further embedding ESG criteria in the Group strategy, UniCredit's sustainability governance has undergone a profound evolution over the past year which has particularly accelerated in the course of recent months.

The changes concern both the Board and the managerial levels of its governance.

#### UniCredit Board of Directors

UniCredit Board of Directors defines the overall strategy of the Bank, which incorporates the Group's ESG Strategy, and oversees its implementation over time.

The Board approves the bank's Risk Appetite Framework which establishes the desired risk profile vis-à-vis its short and long-term strategic objectives and business plan.

Focusing primarily on environmental topics related to climate change, in 2020 the Board integrated the overall risk management framework with Environmental, Social and Governance (ESG) factors by:

- increasing support to the renewable energy sector;
- entering the Top #5 positioning for combined EMEA Green Bonds & ESG-linked loans;
- increasing the existing stock of energy efficiency loans to SMEs and individuals in Western Europe;
- originating new energy efficiency loans to individuals and SMEs among the total CEE loans originated.

These new indicators are monitored and reported to the Board on a quarterly basis.

<sup>69</sup> The 2° Investing Initiative (2DI) is an international, non-profit think tank working to align financial markets with the Paris Agreement goals. Refer to 2020 TCFD Report published on UniCredit official website for more information.

<sup>70</sup> In more details the Group has issued policies and commitments on the following matters: Oil and Gas, Defense/Weapons, Coal Sector, Mining, Nuclear Energy, Water infrastructure, Human rights, Modern Slavery and Rainforest. For additional information refer to Sustainability governance on UniCredit official website.

## Part E - Information on risks and hedging policies

In April 2021, the Shareholders Meeting appointed the new UniCredit Board of Directors. In the relevant framework for the Board of Directors' renewal process, "Sustainability" was one of the core competencies recommended within the qualitative and quantitative Board of Directors' profile.

The Internal Controls & Risks Committee (ICRC) supports the Board of Directors in risk management and control-related issues: in defining and approving strategic guidelines and risk management policies with specific reference to risk appetite and risk tolerance as well as in verifying that risk strategies, management policies and the Risk Appetite Framework (RAF) are correctly implemented.

A new ESG Committee was created in April 2021. The purpose of the new Committee, which takes over the sustainability responsibilities previously assigned to the Corporate Governance, Nomination and Sustainability Committee, is to support the Board of Directors in fulfilling its responsibilities with respect to the ESG integral components on the Group's business strategy and sustainability.

The ESG Committee shall provide opinions and support to the other Board Committees to ensure the alignment of the Group's policies to UniCredit's ESG principles and objectives. The Committee also oversees the ESG and sustainability related developments also considering international guidelines and principles and market developments, monitoring the positioning of the Group with respect to national and international best practices in the ESG field.

### *Management role*

At management level, dedicated committees and specialised functions ensure the execution of the Group strategy, correctly managing climate-related risks in the line with the agreed RAF while taking advantage of the business opportunities arising from the transition to a low-carbon economy.

These functions are:

- the Group Executive Committee (GEC) was created in May 2021 and replaces the former Executive Management Committee;
- a subgroup of the GEC members forms a dedicated ESG Strategy Council, engages selected members of the Committee suites to provide oversight and strategic guidance across business units, regions and functions on the definition and implementation of ESG Strategy;
- the Group Non-Financial Risks and Controls Committee (GNFRCC) supports the CEO in the role of steering and monitoring Non Financial Risks;
- CEO Office comprises Group Strategy and Optimisation and Stakeholders Engagement functions. It deals with all critical initiatives for the CEO, such as Strategy and M&A, Group Transformation Office, Group Investor Relations, Group Identity and Communications, Group Institutional Affairs and Group Regulatory Affairs;
- with reference to ESG matters CEO Office comprises the Group ESG Strategy & Impact Banking function ensuring the integration of ESG priorities, including climate change, in the strategy and business of the Bank. It is part of the CEO Office;
- the Group Risk Management function supports the CEO in defining the Group Risk Appetite proposal, to be shared with the Group Executive Committee (GEC) and Internal Controls & Risks Committee and submitted for approval to the Board of Directors. It includes a dedicated Global Unit created to oversee climate-related and environmental risks and climate-related topics: the Group Climate & Environmental Risk Management structure defines assessment methodologies aimed at measuring the impacts related to climate change and environmental risks and monitors the credit risk in the portfolio. In this framework:
  - it supports the analysis of the impacts of climate change and environmental risks on existing risk categories (credit risk, market risk, liquidity risk and operational risk);
  - it defines and applies a methodology for quantifying climate change-related transition risk regarding credit counterparties;
  - it monitors portfolio credit risks leveraging the analysis of sector/geographic concentration, exposure limits, deleveraging strategies, scenario analysis and stress testing;
  - it assesses Physical Risk<sup>71</sup> related to climatic aspects, with a specific focus on the potential impact on the valuation of mortgage collateral;
  - it supports regular reporting internally and to supervisory authorities on issues related to climate and environmental risk;
- a Sustainable Finance Advisory Team (part of UniCredit Corporate & Investment Banking) has been operating since 2019 with the aim of more effectively advising customers on ESG related topics and facilitate their access to Europe's sustainable finance market. The team also advises on brown-to-green transition strategies and supports all steps of an ESG finance procedure. The group of clients comprises corporates, financials, sovereigns, supranational and agencies. The Sustainable Finance Advisory Team is also responsible for ensuring that relevant transactions in the Group comply with the Equator Principles, the financial industry benchmark for determining, assessing and managing environmental and social risk in projects.

Finally in order to support customers in seizing opportunities deriving from the ecological transition, in all the major countries in which the Group operate dedicated teams in charge of developing and offering new ESG related products and services for corporates and individuals in line with Group's targets and ambitions have been set up.

<sup>71</sup> For further details on Physical Risk refer to 2020 TCFD Report published on UniCredit official website.

## Part E - Information on risks and hedging policies

### UniCredit ESG Risk Management

UniCredit has set up a long-term sustainability strategy and embedding ESG factors in its risk framework. It remains committed to assessing and managing climate and environmental risk in order to achieve three main objectives:

- meeting regulatory expectations on banks business strategy and risk management processes;
- mitigating climate-related and environmental risks;
- identifying potential opportunities for financing the climate and environmental transition.

In 2020, the Group risk management approach was further strengthened along the lines described below with a specific focus on climate related Risks. A bank-wide climate risk management framework was set up to manage and supervise processes related to climate and environmental risks, as well as UniCredit's approach to sensitive sectors.

#### *Transition risk model*

One of the initiatives put in place in order to promote the shift of its customers to a low-carbon economy was the submission of a Climate & Environmental (C&E) Risk Assessment Questionnaire to Group's customers to determine their position on the transition pathway.

Moreover, the Group is following the European Central Bank Guide on climate-related and environmental risks in order to integrate these risks in Group's business strategy and include them in the risk appetite framework, analysing environmental risk at all stages of the credit-grant process and monitoring this risk in Group's credit portfolio.

In so doing, UniCredit considers several topics that can lead to an increased credit risk.

An example is counterparties' revenues and asset value which are subject to transitioning to a low-carbon economy, or production processes that are subject to significant changes in order to minimize non atmospheric pollution. Climate change scenarios can also impact banks' market risk and future investments.

The Group is simultaneously looking to seize opportunities to finance the transition of its counterparties, assessing those industries that require very high investments to meet both climate change goals and the emission targets set out in the EU Green Deal roadmap.

In order to achieve the above-mentioned goals, UniCredit is embedding climate-related and environmental risks and opportunities in its credit assessment. This required the definition of a dedicated methodology and the design of a specific process to identify the scope, collect data, execute the assessment and validate results.

This methodology comprises:

- filling in of the above-mentioned questionnaire addressing both high and low emissive customers in line with regulatory expectations;
- generation of a Climate & Environmental (C&E) Risk Scorecard summarising the main KPIs and identifying the counterparty's positioning in one of the four risk areas (low, medium-low, medium-high, high) of the Transition Assessment matrix;
- the inclusion of the environmental scoring in the credit valuation process.

C&E assessment methodology is based on 3 key dimensions:

- the climate and environmental exposure considers the actual level of Green House Gas (GHG) emissions of corporate customers as well as other environmental metrics such as water and energy consumption, waste production and recycling;
- the climate and environmental vulnerability evaluates the climate change management maturity level of corporate customers, considering the company's plan to shift to a lower emission level business model, the transition investment plan, the GHG emissions reduction target as well as products and services associated with positive climate impact. This dimension considers cross-industry emission targets and ESG ratings together with management and industry specific environmental strategy;
- the economic impact on corporate customers' financial and industrial performance takes into account the effects on stranded assets, the decrease in market shares or revenues due to market shift, the increase in investment costs, constraints in accessing financing and indirect effects related to their supply chain or partner industries.

Higher risk customers are attentively assessed during credit approval discussion in Parent company Credit Committees, although no automatic decision based of questionnaire results is currently in place. For additional details refer to the Integrated Report 2021 published on UniCredit website (<https://www.unicreditgroup.eu>). An extension of this methodology to those counterparties subject to the Local Credit Committee is expected in 2022.

In addition to C&E Questionnaire, the Group applies PACTA methodology which allows financial institutions to measure the alignment of their lending portfolio against a set of climate scenarios which imply several levels of ambition measured in relation to the increase in global temperature. The methodology covers six industries, representing approximately 80% of global emissions. UniCredit applies the methodology covering the scope of five industries (data refers to December 2020 portfolio and considers Credit Limit as a key metric).



## Part E - Information on risks and hedging policies

An analysis of the alignment results and of the production and technology mixture details available assists UniCredit in further enhancing engagement with customers thus improving support in their transition. For additional details refer to the Integrated Report 2021 published on UniCredit website (<https://www.unicreditgroup.eu>).

### *Credit risk*

Whether chronic or acute, physical climate-related risk might affect credit risk through a modification of collaterals and counterparties' physical assets, e.g. production sites, thus eroding the value of related assets or the capacity of the borrower to meet its obligation.

Group Risk management leverages on the already mentioned C&E Questionnaire and PACTA assessment to evaluate the effect of climate risk and credit risk at both single counterparty level (C&E Questionnaire) and portfolio level (PACTA). In parallel, also a methodology to assess the Physical risk is under finalization. The Bank is already aware of the main risks impacting its geographies and is currently collecting additional information on collateral potential damage in order to estimate the relevance of the mortgage portfolio impacted by Physical risk.

Such methodologies and relevant strategies are properly embedded within existing processes and procedures i.e. Risk Appetite Framework, Credit Risk Strategies and Lending policies (e.g., Oil&Gas and Coal policies).

In upcoming months, the internal Stress Test methodology and framework for C&E risk will be developed in line with Supervisory expectations (e.g., in order to execute the 2022 ECB Climate Stress Test).

Moreover, during 2022, it is foreseen the introduction of Probabilities of Default override for Multi National Corporate customers in case of evidence of climate related information that could lead to a change of their risk profile.

### *Operational risks*

Climate impact on operational risks is also taken into account, mainly in relation to data center operations and business continuity plans. In recent years a great effort has been made to reduce the energy consumption of data centers and to strengthen the resilience to different sources of potential adverse events, chiefly cybercrime, by preventing data leakage and ensuring business continuity. Data centers are built with reinforced redundancy and in areas not subject to extreme events, therefore representing a very low risk even if high security standard controls are required. Group's business continuity programme groups potential acute, climate-related, physical events under natural disasters, implying an integrated approach from infrastructure design to emergency management. As facility construction is not a frequent activity, the related risk analysis does not follow the yearly assessment process.

The Group is currently beginning to assess implications for its portfolio resulting from customers' physical risks.

As a financial institution, the Group is not directly affected by physical change in weather patterns or other chronic, climate-related, environmental changes.

### **4. Cyber security risk**

Along with the continuous digitalization of banking services, that has been accelerated in light of the Covid-19 pandemic outbreak, both the financial industry and its clients are increasingly exposed to cyber risks. This requires reinforced governance with a continuous strong focus on data protection and cyber security. The impact of cyber risks can cause service interruptions, as well as the loss of integrity and availability of data and information.

UniCredit group have in the past years been subject to cyber-attacks which led, even though only in a few limited cases, to the theft of data; taking into account the type of risks detected, UniCredit carried out a wide and in-depth assessment of the effects that may derive also for financial statements purposes. To address cyber risks, UniCredit continuously enhances its cyber security program aiming at further strengthening the security controls.

### **5. Developments in the regulatory framework**

Over the last few years, the regulatory framework in which financial institutions act has become increasingly complex and stricter. This complexity has further increased following the introduction of new financial regulations, some of them being still under discussion, and by the ECB central role in the supervision of a large portion of the European banking system. All these changes might significantly affect UniCredit and introduce additional challenges for the general banking sector profitability and capital requirements.

The most relevant changes are the following:

- revision to the Basel 3 framework for the calculation of risk weighted assets for credit, operational, credit valuation adjustment (CVA) risks published in December 2017 (known as Basel 4). The regulator's ultimate goal is to restrict the usage of internal models for measuring credit risk on some specific portfolios and to return to a more stringent standardised approach as well as to eliminate internal models for operational risks. Basel 4 also introduces an aggregate output floor. These revisions are complemented by the change to the market risk framework (Fundamental Review of Trading Book - "FRTB") finalised in January 2019, which envisages the introduction of more stringent and sophisticated internal models and standardised approaches for measuring market risk in the trading portfolios. The Basel Committee issued in July 2020 a set of targeted changes to the credit valuation adjustment (CVA) risk framework issued in December 2017 in order to ensure a better alignment with the more recent FRTB;

## Part E - Information on risks and hedging policies

- on 27 March 2020, the Basel Committee's oversight body, the group of central bank Governors and Heads of Supervision (GHOS) changed the implementation timeline of the outstanding Basel 3 standards. In particular the implementation date of the Basel 3 standards finalised in December 2017 and January 2019 (credit risk, operational risk, output floor and market risk) has been deferred by one year to 1 January 2023;
- the EU Commission, published on 27 October 2021 the Banking Package 2021, which includes the proposals for the final implementation of Basel 3 in the European Union through a legislative package (i.e. the Banking Package) introducing amendments to Capital Requirements Regulation 2013/575/EU (CRR), to the Directive 2013/36/EU (Capital Requirements Directive), and also a proposal to amend the Capital Requirements Regulation in the area of resolution (the so-called "daisy chain" proposal). Differently from the Basel Committee, the Commission's proposal provides for a date of entry in force of the reforms starting from 1 January 2025. The proposal shows that the Commission has taken into account some important European specificities that might mitigate the impact on the sector. In addition to the implementation of the Basel standards, part of the legislative package also aims to strengthen the resilience of the banking sector to environmental, social and governance (ESG) risks. The proposal is now being examined by the European Parliament and the Council (27 Member States), which, respectively, will work on possible changes before agreeing on a common text (so-called Trilogue phase with the mediation of the Commission). The approval of the final text and the publication in the Official Journal will conclude the legislative process;
- in March 2018 the ECB published the "Addendum to the Guidance on Non-Performing Exposures" ("NPEs") which sets out supervisory expectations for the provisioning of exposures reclassified from performing to non-performing exposures after 1 April 2018. In April 2019 however the European Commission's amendment to Capital Requirements Regulation (CRR) introduced a minimum loss coverage ratio for new loans becoming NPEs after 26 April 2019 (the "statutory backstop"). On 22 August 2019, the ECB decided to revise its supervisory expectations for prudential provisioning of new non-performing exposures. The decision was made after considering the adoption of the new EU regulation that outlines the Pillar I treatment for NPEs. 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 developments 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%;
  - 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%;
- in May 2020 the European Banking Authority (EBA) published its Guidelines on loan origination and monitoring that expect institutions to develop robust and prudent standards to ensure newly originated loans are assessed properly. The Guidelines also aim to ensure that the institutions' practices are aligned with consumer protection rules and respect fair treatment of consumers. In the context of the Covid-19 pandemic, institutions need to maintain good credit risk management and monitoring standards that is essential for supporting lending to the economy. To address the current circumstances the new Guidelines, contain additional transition periods for recently renegotiated loans to help institutions better focusing on their immediate operational priorities. The Guidelines apply from 30 June 2021. But positively, institutions will benefit from a series of transitional arrangements: (1) the application to the already existing loans and advances that require renegotiation will apply from 30 June 2022, and (2) institutions will be allowed to address possible data gaps and adjust their monitoring frameworks and infrastructure until 30 June 2024;
- on 1 July 2020 the European Banking Authority (EBA) published its final Guidelines on the treatment of structural FX positions, applicable from 1 January 2022. The aim of these Guidelines is to establish a harmonised framework for the application of the structural FX waiver and identify objective criteria to assist Competent Authorities in their assessment of the structural nature of a foreign-exchange position and to understand whether such position has been deliberately taken for hedging the capital ratio;
- entry into force from June 2021 of a binding 3% minimum leverage ratio, an additional regulatory requirement compared to the risk-based indicators envisaged in the Basel 3 package. The leverage ratio aims to constrain the building up of financial leverage in the banking industry, as well as to reinforce the capital requirements with a supplementary measure not based on risk parameters. The final regulation for the European Union (CRR2), including the binding leverage ratio, has been published in June 2019. In March 2020, the group of central bank Governors and Heads of Supervision revised the implementation timeline of the final elements of the Basel 3 framework. The leverage ratio buffer requirement for global systemically important institutions has already been implemented through the amendments introduced by Regulation (EU) 2019/876. Therefore, and in order to ensure a level playing field internationally for institutions established in the Union and operating also outside the Union, the date of application for the leverage ratio buffer requirement set out in that Regulation has been deferred by one year to 1 January 2023. With the application of the leverage ratio buffer requirement postponed, during the postponement period there would be no consequences resulting from a failure to meet that requirement as set out in article 141c of Directive 2013/36/EU and no related restriction on distributions set out in article 141b of that Directive;
- in addition to changes implemented in the CRR2, also the revision to the leverage ratio calculation (mainly on the exposure measure) introduced by the Basel 4 package will have to be implemented in Europe through the further revision of the CRR (CRR2) and enter into force not earlier than the beginning of 2024;

## Part E - Information on risks and hedging policies

- entry into force of the liquidity requirements envisaged in Basel 3: a short-term indicator (Liquidity Coverage Ratio - "LCR"), with the goal to have banks maintain a liquidity buffer to survive a 30-days period of stress, and a structural liquidity indicator (the Net Stable Funding Ratio - "NSFR") referring to a time horizon over one year, introduced to ensure that assets and liabilities have a sustainable structure in terms of maturity. While the LCR has been in force for some time now, the NSFR has been introduced as a requirement in the CRR2 published in June 2019 and applied since June 2021;
- TLAC/MREL introduction: the Total Loss Absorbing Capacity ("TLAC") introduced by the Financial Stability Board as a global standard for G-SIBs and aimed at ensuring that institutions maintain a sufficient amount of financial resources to absorb losses and recapitalise in case of stress, was implemented in Europe through the CRR2/CRDV, published in June 2019.  
The European transposition of TLAC, i.e., the "Pillar 1" Minimum Requirement for Own Funds and Eligible Liabilities (Pillar 1 MREL) applies to all G-SIBs; "Pillar 2" MREL instead is bank-specific and was introduced by the BRRD in 2014 and later amended in June 2019 (BRRD2). TLAC (Pillar 1 MREL) has become binding in June 2019 as a transitional requirement, equal to 16% of Risk Weighted Assets (RWAs) + the Combined Buffer Requirement and will reach its fully loaded level (18% of RWAs + Combined Buffer Requirement) in January 2022. MREL, instead, is being phased-in and reaches its fully loaded level in January 2024 (with an intermediate binding target in January 2022);
- discussion of preferential treatment of sovereign exposure in banks' banking book: banks' exposures to the home sovereign currently benefit of a zero-risk weight. There is no concrete proposal under consultation yet, but policy makers and regulators are discussing which approach to adopt, if any, to remove this preferential treatment. On the one hand, the European Commission (DG FISMA) is drafting a document which allegedly sets out EC's priorities for completing the Banking Union: these include the revision of the treatment of sovereign exposure which might foresee application of concentration charges. On the other hand, in 2018 the European Parliament issued a proposal, on which discussions have stalled, to allow preferential treatment to a new class of State Bond-Backed Securities ("SBBS"), to encourage diversification of banks' holdings of euro zone bonds. SBBS would be a new type of asset created by the private sector based on a pre-defined pool of sovereign bonds of the Euro area Member States;
- climate risk and environmental risk regulation updates:
  - ECB issued in November 2020 a Guide with supervisory expectations, based on current regulations, on how banks should incorporate climate-related and environmental risks into business strategy, governance, credit-granting process, Risk Appetite Frameworks, risk management framework, liquidity and capital adequacy processes, through dedicated stress testing scenarios;
  - EBA, EIOPA and ESMA published joint consultation paper on the proposed Environmental, Social and Governance ("ESG") disclosure standards. EBA also published in November 2020 a discussion paper on ESG risks' management and supervision, resulting in a final report published in June 2021. Further EBA Guidelines are expected in 2021 and 2022;
  - the ECB has announced that it will conduct the Stress Test exercise planned for 2022 exclusively regarding Climate Risks, with the aim of evaluating the exposure of the Euro Area financial sector to natural disasters (floods or episodes of intense drought and heat) and to a faster-than-expected ecological transition (e.g. rapid increase in the price of CO<sub>2</sub> from 2022). The results of the Stress Test will be integrated into the 2022 Supervisory Review and Evaluation Process (SREP) letter as a qualitative evaluation and will not have quantitative impact on the P2R;
  - the European Commission in the proposal for amendments to the Regulation on Capital Requirements 2013/575/EU (CRR) published in the Banking Package 2021 has brought forward to 2023 the deadline by which the EBA must deliver its report on the prudential treatment of ESG exposures.

## Part F - Consolidated shareholders' equity

### Section 1 - Consolidated Shareholders' Equity

#### A. Qualitative information

UniCredit group deems as priority the activities of capital management and capital allocation based on the risks taken, with the aim of expanding the Group's operations in a value creation perspective. These activities are structured in the different phases of the Group planning and monitoring process and, in particular, in:

- planning and budgeting processes:
  - proposals of risks appetite and capitalisation objectives;
  - analysis of risks associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the equity plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of managerial reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and single entities.

The Group has committed itself to generate income in excess to the one necessary to remunerate risk (cost of equity) and to create value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. In order to support the planning and monitoring processes, the Group adopts a methodology based on risk-adjusted performance measurement (RAPM) which provides a number of indicators that combine and summarise the operating, financial and risk-related variables to be considered.

Therefore, the Group capital and its allocation are of paramount importance in the definition of corporate strategies, as, on the one hand, the Group Capital represents the shareholders' investment in the Group, which needs to be adequately remunerated, and on the other hand, it is a scarce resource subject to the external constraints set by the regulators.

In the allocation process, the definitions of capital adopted are the following:

- risk or employed capital: this is the equity component provided by shareholders (employed capital) which must be remunerated through an income generation higher than or equal to expectations (cost of equity);
- capital at risk: this is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end - absorbed capital) the risks taken to pursue the objective of creating value.

If capital at risk is measured through risk management methods, then it is defined as internal capital; if it is measured through regulatory provisions, then it is defined as regulatory capital.

Internal capital and regulatory capital differ in terms of their definition and the categories of risk covered. The former is based on the actual measurement of the exposure taken, while the latter is based on schedules specified in regulatory provisions.

Internal capital is set at such a level to cover adverse events with a high level of probability, while regulatory capital is quantified on the basis of a CET1 target ratio in line with the one of major international banking groups and taking into account the impacts of the supervisory regulations in force or that will be adopted. Capital Allocated to Business Segment is quantified by regulatory capital.

The capital management activity aims at defining the target level of capitalisation for the Group and its companies in line with supervisory regulations and the risk appetite.

UniCredit group has identified a Common Equity Tier 1 Ratio target of 12.5-13 per cent, as announced during the "UniCredit Unlocked" Strategy Day held on 9 December 2021 ([https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/Strategy-day/UniCredit\\_2021\\_Strategy-Day\\_PR\\_ENG.pdf](https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/Strategy-day/UniCredit_2021_Strategy-Day_PR_ENG.pdf)).

The capital management activities envisage the development of the capital plan and the monitoring the regulatory capital ratios.

The monitoring activity is focused on the one hand, on capital, according to both accounting and regulatory definition (Common Equity Tier 1, Additional Tier 1, Tier 2 Capital, TLAC and Leverage Ratio), and, on the other hand, on the planning and performance of Risk-Weighted Assets (RWA).

The capital management is intended as dynamic activity continuously aiming at identifying the most suitable investment and capital instruments (ordinary shares and other capital instruments) for achieving the defined targets and strategies. If there is a capital shortfall, the gaps to be filled and the capital generation measures that can be used are identified, and their cost and efficiency are measured through the RAPM methodology. In this context, value analysis is enhanced by the aspects regarding, among others, regulatory, accounting, financial, tax-related and risk management issues; in this way, is possible to perform the necessary assessments and to provide with the necessary instructions to the functions of the Parent Company or of the Group companies asked to implement the actions identified.

## Part F - Consolidated shareholders' equity

## B. Quantitative information

## B.1 Consolidated Shareholders' Equity: breakdown by type of company

(€ million)

AMOUNTS AS AT 12.31.2021					
NET EQUITY ITEMS	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS	TOTAL
1. Share Capital	21,285	-	17	(2)	21,300
2. Share premium reserve	5,543	-	(1)	-	5,542
3. Reserves	31,679	285	402	(745)	31,621
4. Equity instruments	6,595	-	-	-	6,595
5. Treasury shares	(200)	-	-	-	(200)
6. Revaluation reserves	(4,335)	96	25	(121)	(4,335)
- Equity instruments designated at fair value through other comprehensive income	(244)	-	48	-	(196)
- Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (different from equity instruments) at fair value through other comprehensive income	751	-	-	-	751
- Property, plant and equipment	1,711	-	4	-	1,715
- Intangible assets	-	-	-	-	-
- Foreign investments hedging	-	-	-	-	-
- Cash flow hedging	(337)	-	-	-	(337)
- Hedging instruments (non-designated items)	-	-	-	-	-
- Foreign Exchange differences	(2,672)	-	-	-	(2,672)
- Non-current assets and disposal groups classified as held for sale	(7)	-	-	-	(7)
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(142)	-	-	-	(142)
- Actuarial gains (losses) on defined benefit plans	(3,793)	-	-	-	(3,793)
- Part of valuation reserves from investments valued at equity method	121	96	(27)	(121)	69
- Special revaluation laws	277	-	-	-	277
7. Profit (Loss) of the year (+/-) Minority interests	1,565	154	350	(499)	1,570
Total	62,133	535	793	(1,368)	62,093

## B.2 Revaluation reserves of financial assets at fair value through other comprehensive income: breakdown

(€ million)

AMOUNTS AS AT 12.31.2021									
ASSETS/VALUES	PRUDENTIAL CONSOLIDATED		INSURANCE COMPANIES		OTHER COMPANIES		CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS		TOTAL
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE NEGATIVE RESERVE
1. Debt securities	853	(102)	-	-	-	-	-	-	853 (102)
2. Equity securities	289	(533)	-	-	52	(4)	-	-	341 (537)
3. Loans	-	-	-	-	-	-	-	-	- -
Total 12.31.2021	1,143	(635)	-	-	52	(4)	-	-	1,194 (640)
Total 12.31.2020	1,402	(632)	-	-	23	(4)	-	-	1,425 (636)

## Part F - Consolidated shareholders' equity

## B.3 Revaluation reserves of financial assets at fair value through other comprehensive income: annual change

(€ million)

ASSETS/VALUES	CHANGES IN 2021		
	DEBT SECURITIES	EQUITY SECURITIES	LOANS
<b>1. Opening balance</b>	<b>1,128</b>	<b>(339)</b>	<b>-</b>
<b>2. Positive changes</b>	<b>794</b>	<b>160</b>	<b>-</b>
2.1 Fair value increases	618	103	-
2.2 Net losses on impairment	26	-	-
2.3 Reclassification through profit or loss of negative reserves: following disposal	129	-	-
2.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	27	-
2.5 Other changes	21	30	-
<b>3. Negative changes</b>	<b>(1,172)</b>	<b>(17)</b>	<b>-</b>
3.1 Fair value reductions	(869)	(14)	-
3.2 Recoveries on impairment	(13)	-	-
3.3 Reclassification through profit or loss of positive reserves: following disposal	(284)	-	-
3.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	(3)	-
3.5 Other changes	(6)	-	-
<b>4. Closing balance</b>	<b>751</b>	<b>(196)</b>	<b>-</b>

## B.4 Revaluation reserves related to defined benefit plans: annual changes

(€ million)

	CHANGES IN 2021			
	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ELIMINATIONS AND ADJUSTMENTS
<b>1. Opening balance</b>	<b>(4,007)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Increases</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Increases in fair value	207	-	-	-
2.2 Transfers to other net equity items	25	-	-	-
2.3 Other changes	(3)	-	-	-
<b>3. Decreases</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Decreases in fair value	(15)	-	-	-
3.2 Transfers to other net equity items	-	-	-	-
3.3 Other changes	-	-	-	-
<b>4. Closing balance</b>	<b>(3,793)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Section 2 - Own funds and banking regulatory ratios

For this section refer to the own funds disclosure and capital adequacy reported into the UniCredit group disclosure (Pillar III).



## Part G - Business combinations

### Section 1 - Business combinations completed in the year

#### 1.1 Business combinations

Business combinations with counterparties outside the Group are carried out using the “purchase method” prescribed by the accounting standard IFRS3 “Business Combinations”, cited in the disclosure of “A.2 - Main items of the accounts”, Notes to the consolidated accounts, Part A - Accounting policies.

In 2021 the Group has performed no relevant business combinations outside the Group.

For the sake of completeness, it should be noted that in the third quarter 2021 Zagrebačka Banka obtained the de-facto control over OT-Optima Telekom DD and therefore it was consolidated in financial statements. For further information refer to Consolidated report on operations, Other information, paragraph “Other information on Group activities”.

For further details refer to the paragraph “Section 3 - Consolidation scope and methods”, Notes to the consolidated accounts, Part A - Accounting policies, A.1 - General.

Under its reorganisation programme, in 2021 the Group carried out business combinations involving companies or businesses which were already directly or indirectly controlled by UniCredit S.p.A. These transactions have no economic substance and are accounted for in the acquirer’s and acquired entity’s accounts in accordance with the continuity principle. These transactions have no effect on consolidated level.

Specifically, it should be noted that it has been carried out the cross-border merger by incorporation of the wholly owned subsidiary UniCredit Bank Ireland Public Limited Company into UniCredit S.p.A. on 1 November 2021, in line with the Group’s strategic guidelines.

### Section 2 - Business combinations completed after year-end

No business combinations have been completed after year end.

### Section 3 - Retrospective adjustments

No retrospective adjustments have been applied in 2021 on business combinations completed in previous years.

## Part H - Related-party transactions

### Introduction

For the purposes of financial disclosure, in accordance with the Commission Regulation (EU) No.632/2010 of 19 July 2010, the text of IAS24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements it is also clarified that the disclosure should include transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.

Pursuant to IAS24, UniCredit S.p.A.'s related parties include:

- companies belonging to UniCredit group and companies controlled by UniCredit but not consolidated;
- associates and joint ventures, as well as their subsidiaries;
- UniCredit's "Key management personnel";
- close family members of "key management personnel" and companies controlled (or jointly controlled) by key management personnel or their close family members;
- UniCredit group employee post-employment benefit plans.

Also for the management of related-party transactions refer to the discipline established by Consob Regulation No.17221/2010 as subsequently amended by Resolution No.21624 of 10 December 2020 (deriving from the provisions of Art.2391-bis of the Italian Civil Code) and by Banca d'Italia Circular No.285/2013 (Part III, Chapter 11, Section I) as well as the provisions pursuant to Art.136 of Legislative Decree No.385/1993, under which corporate officers may assume obligations towards the bank they manage, direct or control, only upon unanimous approval of the board of the bank and positive opinion of the Board of Statutory Auditors.

In this regard, UniCredit, as a listed issuer and subject to Banca d'Italia regulations, has adopted the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA<sup>72</sup> (Consolidated Banking Act)", approved by UniCredit's Board of Directors with the positive opinion of the Related Parties Committee and of the Board of Statutory Auditors, which is published on UniCredit website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), designed to define preliminary and conclusive rules with respect to transactions executed by UniCredit, including those conducted through subsidiaries, with related parties, considering the specificities of the provisions mentioned above, and the manner in which information is disclosed to corporate bodies, the supervisory authorities and the market.

Specific guidelines contained in the Global Policy have been distributed to the company's functions and Group Legal Entities in order to systematically abide to the above-mentioned reporting requirements.

The Board of Directors set up the Related Parties Committee, in compliance with CONSOB regulatory provisions and the Bank of Italy's supervisory regulations, consisting only of independent Directors pursuant to the Italian Corporate Governance Code.

In addition, UniCredit applies specific procedures regarding internal controls on risk activities with subjects in conflict of interests regulated in the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA<sup>72</sup>".

During 2021, transactions carried out with related parties reported in the data streams provided by the reference standards, were executed and carried out based on assessments of the economic convenience and interests of the Group.

<sup>72</sup> Corresponding to Italian Testo Unico Bancario.

## Part H - Related-party transactions

### 1. Details of Key management personnels' compensation

Details of Key management personnel's 2021 remuneration are given below pursuant to IAS24 and to the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments) requiring that also the Statutory Auditors' compensation be included.

Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Statutory Auditors, and, following a change in definition of "key management personnel", approved by the Board of Directors on 12 October 2021, with the aim to ensure the alignment to the new organization model, the Chief Audit Executive and the Group Executive Committee (GEC) members, body that reports directly to the Chief Executive Officer, excluding the Heads of Group Strategy & Optimization and Group Stakeholder Engagement. Before such date, the aggregate included the other Senior Executive Vice Presidents directly reporting to the Board of Directors or to the Chief Executive Officer.

#### Remuneration paid to key management personnel (including directors)

	(€ million)	
	YEAR 2021	YEAR 2020
a) short-term employee benefits	21	18
b) post-retirement benefits	1	1
of which: under defined benefit plans	-	-
of which: under defined contribution plans	1	1
c) other long-term benefits	-	-
d) termination benefits	15	-
e) share-based payments	13	9
<b>Total</b>	<b>50</b>	<b>28</b>

The information reported above include the compensation paid to Directors (€5 million), Statutory Auditors (€1 million), General Manager (€0.3 million) and other Managers with strategic responsibilities (€13 million), as shown in the document "Information Tables Pursuant Art.84 -quarter (Annual Report - Section II) of the Regulation No.11971 Issued by Consob" attached to the "2021 Group Remuneration Policy", and about €30 million relating to other costs (the company share of social security contributions, accruals to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The compensation paid shows an increase compared to fiscal year 2020 primarily related to: (i) the fact that 2020 pay levels had been extremely low compared to normal given the severe impacts of the Covid-19 pandemic; (ii) the payment of indemnities related to the termination of employment relationships, linked to the managerial changes that took place in the context of the strategic review carried out during the year; (iii) the need, in compliance with the international accounting standards, to fully charge to 2021 both the Share Award assigned to the new CEO and the costs related to the incentive plans based on financial instruments maintained as "good leaver" by some managers who left the Group during the year.

## Part H - Related-party transactions

### 2. Related-party transactions

The following table sets out the assets, liabilities, guarantees and commitments, for each group of related parties, pursuant to IAS24.

#### Related-party transactions: balance sheet items

(€ million)

	AMOUNTS AS AT 12.31.2021								
	CONTROLLED NOT CONSOLIDATED ENTITIES	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON ACCOUNTS ITEM	SHAREHOLDERS(*)	% ON ACCOUNTS ITEM
Cash and cash balances	-	-	7	-	-	7	0.01%	-	-
Financial assets at fair value through profit or loss	-	-	120	-	-	120	0.13%	194	0.21%
a) Financial assets held for trading	-	-	41	-	-	41	0.05%	194	0.24%
c) Other financial assets mandatorily at fair value	-	-	79	-	-	79	0.67%	-	-
Financial assets at fair value through other comprehensive income	-	-	126	-	-	126	0.18%	-	-
Financial assets at amortised cost	13	17	709	1	-	740	0.12%	3	-
a) Loans and advances to banks	5	-	29	-	-	34	0.04%	-	-
b) Loans and advances to customers	8	17	680	1	-	706	0.14%	3	-
Non-current assets and disposal groups classified as held for sale	-	-	14	-	-	14	0.10%	-	-
Other assets	13	-	102	-	-	115	1.59%	-	-
<b>Total assets</b>	<b>26</b>	<b>17</b>	<b>1,078</b>	<b>1</b>	<b>-</b>	<b>1,122</b>	<b>0.14%</b>	<b>197</b>	<b>0.03%</b>
Financial liabilities at amortised cost	30	2	8,341	3	81	8,457	1.11%	1,461	0.19%
a) Deposits from banks	-	-	6,528	-	-	6,528	4.02%	17	0.01%
b) Deposits from customers	30	2	1,813	3	81	1,929	0.38%	227	0.05%
c) Debt securities in issue	-	-	-	-	-	-	-	1,217	1.27%
Financial liabilities held for trading and designated at fair value	-	-	31	-	-	31	0.05%	2	-
Other liabilities	20	-	33	-	-	53	0.40%	-	-
<b>Total liabilities</b>	<b>50</b>	<b>2</b>	<b>8,405</b>	<b>3</b>	<b>81</b>	<b>8,541</b>	<b>1.01%</b>	<b>1,463</b>	<b>0.17%</b>
Guarantees given and commitments(**)	6	-	1,687	-	-	1,693	0.48%	25	-

**Notes:**

(\*) Shareholders and related companies holding more than 3% of voting shares in UniCredit.

(\*\*) It should be noted that the item "Commitments and guarantees given" includes revocable commitments.

The value of the percentage on accounts Item, referred to "Commitments and guarantees given", has been calculated on the total of the tables "1. Commitments and financial guarantees given (different from those designated at fair value)" and "2. Others commitments and others guarantees given" in Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities, Other information.

## Part H - Related-party transactions

The following table sets out the impact of transactions, for each group of related parties, on income statements, pursuant to IAS24.

### Related-party transactions: profit and loss items

(€ million)

	AMOUNTS AS AT 12.31.2021						% ON ACCOUNTS ITEM	SHAREHOLDERS(*)	% ON ACCOUNTS ITEM
	CONTROLLED NOT CONSOLIDATED ENTITIES	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL			
10. Interest income and similar revenues	3	2	86	-	-	91	0.72%	-	-
20. Interest expenses and similar charges	-	-	(23)	-	-	(23)	0.64%	(54)	1.50%
<b>30. Net interest margin</b>	<b>3</b>	<b>2</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>0.75%</b>	<b>(54)</b>	<b>0.59%</b>
40. Fees and commissions income	-	-	749	-	-	749	9.41%	69	0.87%
50. Fees and commissions expenses	-	-	(4)	-	-	(4)	0.32%	-	-
<b>60. Net fees and commissions</b>	<b>-</b>	<b>-</b>	<b>745</b>	<b>-</b>	<b>-</b>	<b>745</b>	<b>11.11%</b>	<b>69</b>	<b>1.03%</b>
70. Dividend income and similar revenues	10	-	-	-	-	10	2.85%	11	3.13%
190. Administrative expenses	(11)	-	(425)	-	(16)	(452)	4.02%	(2)	0.02%
a) Staff costs	(3)	-	4	-	(13)	(12)	0.17%	(1)	0.01%
b) Other administrative expenses	(8)	-	(429)	-	(3)	(440)	10.45%	(1)	0.02%
230. Other operating expenses/income	2	-	(43)	-	-	(41)	7.24%	(5)	0.88%

**Note:**

(\*) Shareholders and related companies holding more than 3% of voting shares in UniCredit.

For additional information regarding gains and losses of equity investments in associated companies, reference is made to the item "17.1 Gains (Losses) of equity investments: breakdown", Notes to the consolidated accounts, Part C - Consolidated income statement, Section 17 - Gains (Losses) of equity investments - Item 250.

The "Other related-parties IAS" category includes:

- close family members of key management personnel (i.e. those family members who, as is expected, may influence, or be influenced by, the person in question);
- companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

The main related-party transactions are the following:

- In 2012 the subsidiary UniCredit Services S.C.p.A. (UCS) formerly UniCredit Business Integrated Solutions S.C.p.A. (UBIS), assumed the role of operating sub-holding to provide the Group's support services both in Italy and abroad.  
On 19 April 2013, the Board of Directors of UCS approved the executive plan of the project aimed at establishing a joint venture with another major player in the industry, IBM Italia S.p.A. (IBM), for the provision of technological infrastructure services (hardware, data center, etc.) to Commercial Banking. The transaction was completed when UCS transferred, with effect from 1 September 2013, of "Information Technology" business unit to the company "Value Transformation Services S.p.A." (V-TServices), formed and controlled by IBM Italia S.p.A. Following the transaction, UCS holds 49% of V-TServices's share capital; the remaining 51% is held by IBM (which is therefore the controlling shareholder).  
On 23 December 2016, the "Restatement and Amendment Agreement" was signed between UniCredit Services and V-TS with the aim of increasing value creation and ability to catch new opportunities from technological evolution, with the extension of the term until 2026.  
The "Second Restatement and Amendment Agreement" between UniCredit Services and V-TS was signed on 22 December 2019, with effect from 1 January 2020, with the extension of the term of the 3-year contract until 2029.  
The services provided to UniCredit group by the abovementioned companies result in an exchange of fees (administrative costs).
- In 2018, through a competitive auction process, UniCredit S.p.A. has signed long-term partnership with Allianz for the exclusive distribution of Life and Non-Life bancassurance products (excluding Credit Protection products) in Bulgaria, Croatia, Hungary, Romania, Slovenia, Czech Republic and Slovakia. The partnership was implemented in these countries, through local distribution agreements, in compliance with the all the local regulations, in the second half of 2018.
- It should be noted that distribution agreements concerning insurance products were signed with the following associates:
  - Aviva S.p.A.;
  - CNP UniCredit Vita S.p.A.;
  - Creditras Assicurazioni S.p.A.;
  - Creditras Vita S.p.A.;
  - Incontra Assicurazioni S.p.A.
- The relationships with other related parties include the relationships with external pension funds (for UniCredit S.p.A. employees), since they have separate legal personality. These transactions were conducted on the same terms and conditions as those applied to transactions with independent third parties. The relationships with these pension funds are almost entirely represented by the relationships included in Deposits from customers (and related interests).

## Part I - Share-based payments

### Qualitative information

#### 1. Description of payment agreements based on own equity instruments

##### 1.1 Outstanding instruments

Group Medium & Long Term Incentive Plans for selected employees include the following category:

**Equity-Settled Share Based Payments**, which provide for the delivery of shares.

This category includes the following grants of:

- **Group Executive Incentive System (Bonus Pool)** that offer to eligible Group executives and relevant employees identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in cash and in shares, to be paid over a period of ranging from 1 to 7 years. This payment structure will guarantee the alignment to shareholder interest and will be subjected to malus (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and country/division level) and claw back conditions (as legally enforceable) according to the plan rules (both non-market vesting conditions);
- **Long Term Incentive 2017-2019** that offers to eligible executives and key players of the Group an incentive 100% based on ordinary UniCredit shares, subject to 3-years deferral and to malus and claw-back conditions, as legally enforceable, according to the plan rules. The plan is structured on 3-years performance period, aligned to the UniCredit strategic plan and provides for the allocation of an award based on gateway conditions on profitability, liquidity, capital and risk position and a set of performance conditions focused on Group targets, aligned with Transform 2019;
- **Long Term Incentive 2020-2023** that provides for the allocation of incentives based on free ordinary shares, subject to the achievement of specific performance conditions to the Strategic Plan Team 23. The Plan is structured over a four-year performance period, consistent with UniCredit's Strategic Plan, and provides for the for the granting of the possible award in 2024. The award is subject to a 4-year deferral period, after the performance period, and to the respect during the performance period of the minimum conditions of profitability, capital requirements and liquidity as well as positive assessment of Risk Appetite Framework. According to Bank of Italy and EBA requirements and to further strengthen the governance framework, the Plan includes rules of compliance breaches management, as well as their related impact on remuneration components, through the application of malus and claw-back clauses;
- **Share Award 2021** that regards CEO's remuneration. In order to foster the alignment with the shareholders from the start, and in lieu of the ability to set KPIs given his mandate to elaborate a new strategic plan, the Board of Directors approved for 2021 a one-off share-based award. The proposed remuneration structure for 2021 is strictly linked to the first year of the mandate. From 2022 onwards a mix of performance based long-term and short-term incentives will be applied to the CEO.

It is also noted that, according to Banca d'Italia Circular 285 (25<sup>th</sup> update dated 23 October 2018), the equity-settled share based payments, represented by deferred payments in UniCredit ordinary shares not subject to vesting conditions, are used for the settlement of the so-called golden parachute (e.g. severance) for the relevant employees.



## Part I - Share-based payments

### 1.2 Measurement model

#### 1.2.1 Group Executive Incentive System (Bonus Pool)

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period. Economic and net equity effects will be accrued on a basis of instruments' vesting period.

#### Group Executive Incentive System "Bonus Pool 2020" - Shares

The plan is divided into clusters, each of which can have three or six installments of share-based payments spread over a period defined according to plan rules.

	SHARES GRANTED					
	GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2020					
	INSTALLMENT (2022)	INSTALLMENT (2023)	INSTALLMENT (2024)	INSTALLMENT (2025)	INSTALLMENT (2026)	INSTALLMENT (2027)
Date of bonus opportunity economic value granting	Feb-06-2020	Feb-06-2020	Feb-06-2020	Feb-06-2020	Feb-06-2020	Feb-06-2020
Date of Board resolution (to determine number of shares)	Mar-05-2021	Mar-05-2021	Mar-05-2021	Mar-05-2021	Mar-05-2021	Mar-05-2021
Vesting period start date	Jan-01-2020	Jan-01-2020	Jan-01-2020	Jan-01-2020	Jan-01-2020	Jan-01-2020
Vesting period end date	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
UniCredit share market price [€]	8.561	8.561	8.561	8.561	8.561	8.561
Economic value of vesting conditions [€]	-0.120	-0.558	-1.121	-1.801	-2.483	-3.166
<b>Performance shares' fair value per unit at grant date [€]</b>	<b>8.441</b>	<b>8.003</b>	<b>7.440</b>	<b>6.760</b>	<b>6.078</b>	<b>5.395</b>

#### Group Executive Incentive System 2021 (Bonus Pool)

The new Group Incentive System 2021 is based on a bonus pool approach, aligned with regulatory requirements and market practices, which defines:

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

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

#### 1.2.2 Long Term Incentive Plan 2017-2019

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

The plan is divided into clusters, based on the beneficiary position, each of which can have from one to four installments of share-based payments spread over a period defined according to plan rules.

#### 1.2.3 Long Term Incentive Plan 2020-2023

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

The plan is divided into clusters, based on the beneficiary position, each of which can have from one to five installments of share-based payments spread over a period defined according to plan rules.

## Part I - Share-based payments

### 1.2.4 Share Award 2021

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

Economic and net equity effects will be accrued on a basis of instruments' vesting period.

	SHARES GRANTED SHARE AWARD 2021	
	INSTALLMENT (2022)	INSTALLMENT (2023)
Date of bonus opportunity economic value granting	Jan-27-2021	Jan-27-2021
Date of Board resolution (to determine number of shares)	Jan-27-2021	Jan-27-2021
Vesting period start date	Jan-01-2021	Jan-01-2021
Vesting period end date	Jun-30-2021	Jun-30-2021
UniCredit share market price [€]	7.420	7.420
Economic value of vesting conditions [€]	-0.120	-0.591
<b>Performance shares' fair value per unit at grant date [€]</b>	<b>7.300</b>	<b>6.829</b>

### Quantitative information

#### 1. Annual changes

##### Stock Option and Performance Stock Option UniCredit

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2021 <sup>(*)</sup>			YEAR 2020 <sup>(*)</sup>		
	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY
<b>A. Outstanding at beginning of period</b>	-	-	-	<b>330,426</b>	<b>166.399</b>	<b>Dec-2019</b>
<b>B. Increases</b>	-	-	-	-	-	-
B.1 New issues	-	-	-	-	-	-
B.2 Other	-	-	-	-	-	-
<b>C. Decreases</b>	-	-	-	<b>330,426</b>	-	-
C.1 Forfeited	-	-	-	-	-	-
C.2 Exercised	-	-	-	-	-	-
C.3 Expired	-	-	-	330,426	-	-
C.4 Other	-	-	-	-	-	-
<b>D. Outstanding at end of period</b>	-	-	-	-	-	-
<b>E. Vested Options at end of period</b>	-	-	-	-	-	-

**Note:**

(\*) The information related to Number of options and Average exercise price had been modified following the grouping operations resolved by UniCredit Extraordinary Shareholders' Meeting held on 15 December 2011 and the UniCredit Extraordinary Shareholders' Meeting on 12 January 2017 and following the application of "adjustment factors" recommended by AIAF (Associazione Italiana Analisti Finanziari) equal to:

- 0.88730816 as the free capital increase resolved by the UniCredit Annual General Meeting on 29 April 2009 ("scrip dividend");
- 0.95476659 as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on 16 November 2009 and finalised on 24 February 2010;
- 0.6586305 as the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting on 15 December 2011 and finalised in 2012;
- 0.50112555 as the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting on 12 January 2017 and finalised on 2 March 2017.

## Part I - Share-based payments

## Other UniCredit equity instruments: Performance Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2021 <sup>(*)</sup>			YEAR 2020 <sup>(*)</sup>		
	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY
<b>A. Outstanding at beginning of period</b>	<b>24,559,436</b>	<b>-</b>	<b>Apr-2022</b>	<b>17,091,000</b>	<b>-</b>	<b>Jun-2020</b>
<b>B. Increases</b>	<b>4,732,784</b>	<b>-</b>		<b>12,638,364</b>	<b>-</b>	
B.1 New issues	4,732,784	-		12,638,364	-	
B.2 Other	-	-		-	-	
<b>C. Decreases</b>	<b>11,171,595</b>	<b>-</b>		<b>5,169,928</b>	<b>-</b>	
C.1 Forfeited	4,882,990	-		1,284,967	-	
C.2 Exercised <sup>(**)</sup>	6,288,605	-		3,884,961	-	
C.3 Expired	-	-		-	-	
C.4 Other	-	-		-	-	
<b>D. Outstanding at end of period<sup>(***)</sup></b>	<b>18,120,625</b>	<b>-</b>	<b>Jun-2022</b>	<b>24,559,436</b>	<b>-</b>	<b>Apr-2022</b>
<b>E. Vested instruments at end of period</b>	<b>10,059,806</b>	<b>-</b>		<b>6,290,836</b>	<b>-</b>	

Notes:  
 (\*) The information related to number of options and average exercise price had been modified following the grouping operation resolved by UniCredit Extraordinary Shareholders' Meeting held on 12 January 2017 and following the application of "adjustment factor" equal to 0.50112555 recommended by AIAF (Associazione Italiana Analisti Finanziari) for the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on 12 January 2017 and finalised on 2 March 2017.  
 (\*\*) As far as the 2021 movement is concerned, the average market price at the exercise date is equal to €8.93 (€10.13 was the price observed at exercise date for 2020 movimentation).  
 (\*\*\*) UniCredit undertakes to grant, conditional upon achieving performance targets set in the strategic plan 18,120,625 ordinary shares at the end of 2021 (24,559,436 ordinary shares at the end of 2020).

## 2. Other Information

## Effects on Profit and Loss

All Share-Based Payment granted after 7 November 2002 whose vesting period ends after 1 January 2005 are included within the scope of the IFRS2.

## Financial statement presentation related to share based payments

(€ million)

	2021		2020	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
<b>(Costs)/Revenues</b>	<b>(69)</b>		<b>(53)</b>	
- connected to equity-settled plans <sup>(*)</sup>	(67)		(51)	
- connected to cash-settled plans	(2)		(2)	
<b>Debts for cash-settled plans</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>

Note:  
 (\*) Includes costs for €6.5 million related to golden parachute.

## Part L - Segment reporting

### Organisational structure

During May 2021 UniCredit announced its new organizational structure by geographic areas, which became fully operational in the second half of the year, as follows:

- Italy;
- Germany;
- Central Europe (including Austria, Czech Republic and Slovakia, Hungary, Slovenia);
- Eastern Europe (including Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia, Russia).

This organization ensures Country and local Banks autonomy on specific activities granting proximity to the customers (for all client segment, Retail and Corporate) and efficient decisional processes.

All standalone geographies of the Group have dedicated support functions such as: People and Culture, Finance, Digital & Information Office, and Operations. In addition, Compliance, Legal and Risk have established specific regional departments.

Alongside the new 4 business division there are:

- Group Corporate Centre with the objective to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence; it also includes the Group's Legal Entities that are going to be dismissed;
- Non Core, including non-strategic Italian assets and those with a poor fit to the Group's risk-adjusted return framework; it is reported till full year 2021, date of its complete runoff.

The Segment Reporting has been re-shaped according to the new Group organization.

### A - Primary segment

#### A.1 - Breakdown by business segment: income statement

	(€ million)						CONSOLIDATED GROUP TOTAL 12.31.2021
	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE	NON CORE	
Net interest	3,595	2,516	1,621	1,574	(221)	(25)	9,060
Dividends and other income from equity investments	156	18	182	21	144	-	520
Net fees and commissions	4,225	1,074	933	512	(57)	4	6,692
Net trading income	420	736	227	234	53	(32)	1,638
Net other expenses/income	19	111	44	16	(141)	(3)	45
<b>OPERATING INCOME</b>	<b>8,415</b>	<b>4,454</b>	<b>3,007</b>	<b>2,357</b>	<b>(223)</b>	<b>(56)</b>	<b>17,954</b>
Payroll costs	(2,371)	(1,476)	(860)	(524)	(774)	(17)	(6,022)
Other administrative expenses	(1,734)	(1,121)	(727)	(350)	812	(69)	(3,190)
Recovery of expenses	423	15	47	0	50	13	548
Amortisation, depreciation and impairment losses on tangible and intangible assets	(315)	(110)	(123)	(139)	(445)	(1)	(1,133)
<b>Operating expenses</b>	<b>(3,997)</b>	<b>(2,692)</b>	<b>(1,664)</b>	<b>(1,013)</b>	<b>(357)</b>	<b>(74)</b>	<b>(9,797)</b>
<b>OPERATING PROFIT</b>	<b>4,418</b>	<b>1,763</b>	<b>1,343</b>	<b>1,343</b>	<b>(580)</b>	<b>(130)</b>	<b>8,158</b>
Net writedowns of loans and provisions for guarantees and commitments	(1,033)	(118)	(261)	(281)	(3)	61	(1,634)
<b>OPERATING NET PROFIT</b>	<b>3,385</b>	<b>1,645</b>	<b>1,081</b>	<b>1,063</b>	<b>(583)</b>	<b>(68)</b>	<b>6,524</b>
Other charges and provisions	(606)	(407)	(171)	(111)	(47)	(44)	(1,386)
Integration costs	(300)	(617)	(363)	(10)	(47)	(0)	(1,337)
Net income from investments	(492)	(99)	1	(3)	(1,952)	(19)	(2,565)
<b>PROFIT BEFORE TAX</b>	<b>1,988</b>	<b>521</b>	<b>548</b>	<b>939</b>	<b>(2,629)</b>	<b>(132)</b>	<b>1,236</b>

The figures refer to the reclassified income statement.

#### A.2 - Breakdown by business segment: balance sheet amounts and RWA

	(€ million)						TOTALE CONSOLIDATO DI GRUPPO
BALANCE SHEET AMOUNTS	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE	NON CORE	
CUSTOMERS LOANS (NET REPOS AND IC)	157,514	125,509	92,543	40,676	2,869	194	419,305
CUSTOMERS DEPOS (NET REPOS AND IC)	199,123	131,756	92,962	49,223	3,223	473	476,761
<b>TOTAL RISK WEIGHTED ASSETS (BASEL 3)</b>	<b>125,751</b>	<b>81,973</b>	<b>56,787</b>	<b>36,787</b>	<b>20,334</b>	<b>361</b>	<b>321,992</b>

#### A.3 - Staff

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE	NON CORE	TOTALE CONSOLIDATO DI GRUPPO
<b>STAFF</b>							
Employees (FTE)	28,721	11,282	10,665	17,762	10,058	85	78,571

## Part L - Segment reporting

## A.1 - Breakdown by business segment: income statement

							(€ million)
	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE	NON CORE	TOTALE CONSOLIDATO DI GRUPPO
Net interest	4,079	2,376	1,585	1,611	(186)	(23)	9,441
Dividends and other income from equity investments	146	19	105	22	123	-	415
Net fees and commissions	3,676	965	883	484	(46)	6	5,968
Net trading income	358	600	196	235	28	(4)	1,412
Net other expenses/income	(171)	133	48	9	(97)	(25)	(104)
<b>OPERATING INCOME</b>	<b>8,088</b>	<b>4,092</b>	<b>2,817</b>	<b>2,361</b>	<b>(179)</b>	<b>(46)</b>	<b>17,132</b>
Payroll costs	(2,406)	(1,443)	(858)	(511)	(725)	(24)	(5,968)
Other administrative expenses	(1,656)	(1,176)	(702)	(362)	788	(107)	(3,215)
Recovery of expenses	397	15	43	0	52	16	523
Amortisation, depreciation and impairment losses on tangible and intangible assets	(335)	(115)	(116)	(139)	(432)	(1)	(1,137)
<b>Operating expenses</b>	<b>(4,001)</b>	<b>(2,719)</b>	<b>(1,633)</b>	<b>(1,012)</b>	<b>(318)</b>	<b>(115)</b>	<b>(9,797)</b>
<b>OPERATING PROFIT</b>	<b>4,088</b>	<b>1,373</b>	<b>1,184</b>	<b>1,349</b>	<b>(497)</b>	<b>(162)</b>	<b>7,335</b>
Net writedowns of loans and provisions for guarantees and commitments	(2,891)	(728)	(598)	(775)	(3)	(1)	(4,996)
<b>OPERATING NET PROFIT</b>	<b>1,196</b>	<b>645</b>	<b>586</b>	<b>574</b>	<b>(500)</b>	<b>(162)</b>	<b>2,339</b>
Other charges and provisions	(551)	(158)	(201)	(124)	(2)	(19)	(1,055)
Integration costs	(1,203)	(35)	(9)	(57)	(148)	(13)	(1,464)
Net income from investments	(55)	543	(94)	8	(1,623)	(145)	(1,365)
<b>PROFIT BEFORE TAX</b>	<b>(612)</b>	<b>996</b>	<b>282</b>	<b>401</b>	<b>(2,273)</b>	<b>(339)</b>	<b>(1,546)</b>

The figures refer to the reclassified income statement.

## A.2 - Breakdown by business segment: balance sheet amounts and RWA

							(€ million)
BALANCE SHEET AMOUNTS	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE	NON CORE	TOTALE CONSOLIDATO DI GRUPPO
CUSTOMERS LOANS (NET REPOS AND IC)	167,810	120,795	84,516	37,829	3,068	775	414,793
CUSTOMERS DEPOS (NET REPOS AND IC)	190,594	133,973	86,575	45,824	2,459	518	459,944
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	131,198	78,606	49,969	36,489	21,763	7,642	325,665

## A.3 - Staff

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE	NON CORE	TOTALE CONSOLIDATO DI GRUPPO
<b>STAFF</b>							
Employees (FTE)	30,429	11,937	11,072	18,110	10,347	211	82,107

## Part L - Segment reporting

### B - Secondary segment

The Secondary segment Reporting is presented by client segment (Retail and Corporate), coherently with the latest 2022-2024 Strategic Plan, disclosed to the market in December 2021.

(€ million)

AMOUNTS AS AT 12.31.2021	TOTAL REVENUE	CUSTOMERS LOANS <sup>(*)</sup>	TOTAL RWA Eop
Retail	9,061	156,725	65,979
Corporates	8,275	253,096	195,072
Central Functions	674	9,290	60,581
Non Core	(56)	194	361
<b>Total</b>	<b>17,954</b>	<b>419,305</b>	<b>321,992</b>

Note:

(\*) Net of repos, intercompany transactions.

(€ million)

AMOUNT AS AT 12.31.2020	TOTAL REVENUE	CUSTOMERS LOANS <sup>(*)</sup>	TOTAL RWA Eop
Retail	9,058	150,448	66,323
Corporates	7,682	255,040	190,906
Central Functions	438	8,530	60,795
Non Core	(46)	775	7,642
<b>Total</b>	<b>17,132</b>	<b>414,793</b>	<b>325,665</b>

Note:

(\*) Net of repos, intercompany transactions.

The figures refer to the reclassified income statement.



## Part M - Information on leases

### Section 1 - Lessee

#### Qualitative information

The Group in conducting its business, signs lease contracts for which accounts for rights of use that mainly relate to the following type of tangible assets:

- land;
- buildings;
- office furniture and fitting;
- others (e.g. cars).

These contracts are accounted for in accordance with rules set in accounting standard IFRS16 further detailed in Part A - Accounting policies, A.2 - Main items of the accounts (refer to this section).

The rights of use deriving from these lease contracts are mainly used to provide for services or for administrative purposes and accounted for according to the cost method. If these rights of use are sub-leased to third parties, a financial or operating lease contract is booked based on their characteristics.

As allowed by the accounting standard, the Group has decided not to account for rights of use or lease liabilities in case of:

- short-term leases, lower than 12 months; and
- lease of low value assets. In this regard, in this respect an asset is considered as low value if its fair value when new is equal to or lower than €5 thousand. This category mainly includes office machines (PCs, monitors, tablets, etc.) as well as fixed and mobile telephony devices.

The lease payments deriving from this type of activity are booked in item "190. Administrative expenses" on an accrual basis.

#### Quantitative information

The book value of the rights of use arising from lease contracts are exposed in the paragraph "Section 9 - Property, plant and equipment - Item 90", Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

During the year, these rights of use resulted in the recognition of depreciations for €318.8 million of which:

- €0.6 million relating to land;
- €307.7 million relating to buildings;
- €0.4 million relating to office furniture and fitting;
- €1.1 million relating to electronic systems;
- €9.0 million relating to the category other (eg. cars).

In addition, impairment (net of reversal) for €65.4 million has been booked.

With reference to lease liabilities, the related book value is shown in the paragraph "Section 1 - Financial liabilities at amortised cost - Item 10", Notes to the consolidated accounts, Part B - Consolidated balance sheet, Liabilities.

During the year, these lease liabilities led to the recognition of interest expenses shown in the paragraph "Section 1 - Interests - Items 10 and 20", Notes to the consolidated accounts, Part C - Consolidated income statement, Consolidated income statement.

With reference to short-term leases and leases of low value assets, it should be noted that during the year, rentals were accounted for €92.4 million. It should be noted that such amount also includes VAT on rentals which is not included in the lease liability calculation.

Finally, with reference to the sublease contracts, it should be noted that these contracts determined interest income for €0.4 million during the year if classified as financial leases and other operating income for €6.3 million if classified as operating leases.

For the purposes of determining the lease term, the Group considers the non-cancellable period established by the contract, during which the lessee has the right to use the underlying asset as well as any renewal options where the lessee has reasonable expectation to proceed with the renewal.

In particular, with reference to contracts that provide the lessee with the option to automatically renew the lease at the end of a first period, the lease term is determined considering elements such as the duration of the first period, the existence of any plan leading to the disposal of the asset leased as well as any other circumstance indicating the reasonable certainty of renewal.

Therefore, the amount of cash flows, not reflected in the calculation of the lease liability, to which the Group is potentially exposed, is essentially due to the possible renewal of lease contracts and the subsequent extension of the lease term not included in the original calculation of the lease liabilities taking into account the information available and expectations existing as at 1 January 2019 (date of initial application of IFRS16) or on the starting date of the lease.

## Part M - Information on leases

### Section 2 - Lessor

#### Qualitative information

Financial leasing activities are exposed through the recognition of a credit for financial leases recognised in item "40. Financial assets at amortised cost", of the related income on an accrual basis in item "10. Interest income and similar revenues" and of the impairment for the expected credit loss in item "130. Net losses/recoveries on credit impairment".

Operating leasing activities, on the other hand, are essentially attributable to the leasing of owned properties to parties external to the Group. These contracts are represented through the recognition, on an accrual basis, of the rentals received in item "230. Other operating expenses/income".

#### Quantitative information

##### 1. Balance sheet and Income statement information

With reference to financial lease contracts, the book value of credit for financial leases is shown in the paragraph "Section 4 - Financial assets at amortised cost - Item 40", Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

Such loans determined, during the year, interest income shown in the paragraph "Section 1 - Interests - Items 10 and 20", Notes to the consolidated accounts, Part C - Consolidated income statement.

With reference to operating lease contracts, it should be noted that the book value of the owned assets granted under operating lease is composed as follows:

- land: €226.6 million;
- buildings: €356.9 million;
- other: €484.8 million.

Rentals recognised on an accrual basis during the year for leasing of these activities are shown in the paragraph "Section 16 - Other operating expenses/income", Notes to the consolidated accounts, Part C - Consolidated income statement.

##### 2. Financial leases

##### 2.1 Classification for time bucket of Payments to be received and Reconciliation with Lease Loans booked in the Assets

TIME BUCKET	12.31.2021	12.31.2020
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	1,428	3,976
1 year to 2 years	962	3,487
2 year to 3 years	754	2,782
3 year to 4 years	537	2,192
4 year to 5 years	384	1,630
Over 5 years	951	5,881
<b>Total Payments to be received for lease</b>	<b>5,016</b>	<b>19,948</b>
<b>RECONCILIATION WITH LOANS</b>		
Unpaid Financial Profits (-)	325	2,051
Not guaranteed Residual Amount (-)	-	-
<b>Lease Loans</b>	<b>4,691</b>	<b>17,897</b>

The value shown in the table represents the gross exposure; the reduction compared to the previous period is due to the reclassification of some leasing companies of the Group, including UniCredit Leasing S.p.A. among the groups of assets being disposed of. This value is decreased by impairment, equal to €239 million on a cumulated basis, leading to the amount of €4,452 million shown in the paragraph "Section 4 - Financial assets at amortised cost - Item 40", Notes to the consolidated accounts, Part B - Consolidated balance sheet, Assets.

## Part M - Information on leases

### 2.2 Other information

With regard to financial leases, the credit risk associated with the contract is managed according to what is stated in the paragraph "2.1 Credit risk", Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated, (refer to this section).

The classification of the contract as a financial lease is determined by the fact that the risks and rewards of ownership of the asset are transferred to the lessee for the whole lease term and the contract contains an option to purchase the asset at conditions that determines non-economic the non-exercise of the option, or the contract has a duration substantially aligned with the useful life of the asset leased. Such condition is also satisfied in case of contracts that do not contain an option to purchase the asset or have a lease term significantly lower than useful life of the asset leased, but are complemented by agreements with third parties that guarantee the purchase of the asset at the end of the lease contract.

### 3. Operating leases

#### 3.1 Classification for time bucket of Payments to be received

TIME BUCKET	(€ million)	
	12.31.2021	12.31.2020
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	116	120
1 year to 2 years	76	89
2 year to 3 years	55	62
3 year to 4 years	36	43
4 year to 5 years	19	27
Over 5 years	35	108
<b>Total</b>	<b>337</b>	<b>449</b>

### 3.2 Other information

There is no further significant information to report compared to the above.





## Consolidated Financial Statements Certification pursuant to Art.81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned Andrea Orcel (as Chief Executive Officer) and Stefano Porro (as the Manager charged with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art.154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, hereby **certify**:
  - the adequacy in relation to the Legal Entity's features and
  - the actual applicationof the administrative and accounting procedures employed to draw up the 2021 Consolidated Financial Statements.
2. The adequacy of administrative and accounting procedures employed to draw up the 2021 Consolidated Financial Statements has been evaluated by applying a model developed by UniCredit S.p.A., in accordance with the "Internal Control - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which represent generally accepted international standards for internal control system and for financial reporting in particular.
3. The undersigned also **certify** that:
  - 3.1 the 2021 Consolidated Financial Statements:
    - a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002 of 19 July 2002;
    - b) correspond to the results of the accounting books and records;
    - c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and of the group of companies included in the scope of consolidation;
  - 3.2 the Report on Operations includes a reliable analysis of the operating trend and results, as well as of the situation of the issuer and of the Legal Entities included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan, 15 February 2022

Andrea ORCEL



Stefano PORRO







**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of  
UniCredit S.p.A.**

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Opinion**

We have audited the consolidated financial statements of UniCredit S.p.A. and its subsidiaries (the "Group"), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the related notes to the accounts.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of UniCredit S.p.A. (the "Bank") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

## Recognition of Deferred Tax Assets on tax losses carry forward related to the Italian tax perimeter

### Description of the key audit matter

As indicated in the Notes to the accounts *Part B – Consolidated balance sheet – Assets – Section 11 – Tax assets and tax liabilities*, the Group, also on the basis of the projections of the new strategic plan 2022 – 2024 "UniCredit Unlocked" approved by the Board of Directors of the Bank on December 8, 2021, recognised additional Deferred Tax Assets, previously not recognised, for a total amount equal to 1,514 million Euro, of which 1,164 million Euro on tax losses carry forward related to the Italian tax perimeter.

The Directors of the Bank, as more broadly described in the Notes to the accounts *Part A – Accounting policies – Section 2 – General preparation criteria*, explain that the sustainability test aimed at ascertaining, pursuant to IAS 12, the recoverability of deferred tax assets on the basis of expected future taxable income was conducted considering different macroeconomic scenarios, in order to take into account the current particularly volatile and uncertain market context.

More specifically, for the purposes of testing the sustainability of Deferred Tax Assets, two different scenarios were considered:

- a base-case scenario ("Baseline"), which reflects the scenario outlined in September 2021 and used for the strategic plan 2022 – 2024 "UniCredit Unlocked";
- a worst-case scenario ("Downturn") which, in light of the current context of uncertainty, was developed considering macroeconomic conditions that are worse than the Baseline scenario and which reflects a downward revision of the profitability expected from the new strategic plan.

Considering the significance of the effect of the recognition of the Deferred Tax Assets mentioned above on the consolidated net results of the Group and the complexity and subjectivity inherent in the estimation processes adopted by management in conducting the sustainability test, which are characterised by numerous variables, we have identified the recognition of Deferred Tax Assets on tax losses carry forward related to the Italian tax perimeter as a key audit matter of the consolidated financial statements of the Group as at December 31, 2021.

### Audit procedures performed

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the internal procedures and processes in relation to the preparation of the sustainability test for Deferred Tax Assets;

- verification of the implementation of internal procedures and processes, as well as of the relevant controls on the process related to the sustainability test;
- analysis and understanding of the main assumptions and hypotheses underlying the estimate of expected future taxable income and verification of their consistency with the forecast data of the 2022 - 2024 strategic plan UniCredit Unlocked;
- analysis and understanding of the model adopted for the sustainability test and verification of the reasonableness of the estimate of the parameters used;
- examination of the sensitivity analyses carried out on the amount of Deferred Tax Assets that can be recognised when the parameters used change;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards.

#### **Classification and valuation of the net assets related to leasing companies in Italy, Germany and Slovenia**

##### **Description of the key audit matter**

As indicated in the Notes to the accounts *Part B – Consolidated balance sheet – Assets – Section 12 – Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale*, as at December 31, 2021, the net assets of the leasing companies of the Group in Italy, Germany and Slovenia were classified as groups of assets and liabilities held for sale.

This classification, and the consequent valuation required by IFRS 5, resulted in a negative impact on the consolidated income statement of 554 million Euro, corresponding to the difference between the carrying amount of these net assets and their fair value, net of expected costs to sell, at the date of the classification.

Considering the relevance of the leasing activities in Italy, Germany and Slovenia and the complexity and subjectivity in assessing the meet of the requirements for classifying them among the groups of assets and liabilities held for sale, as well as in estimating their fair value, we identified the classification and measurement of the leasing activities in Italy, Germany and Slovenia as a key audit matter of the consolidated financial statements of the Group as at December 31, 2021.

## Audit procedures performed

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the internal procedures and processes in relation to the classification and measurement of non-current assets and disposal groups classified as held for sale and the associated liabilities;
- verification of the implementation of internal procedures and processes, as well as relevant controls over the process related to the classification and measurement of non-current assets and disposal groups classified as held for sale and the associated liabilities;
- analysis of the actions taken by the Group in relation to the proposed sale of the leasing companies;
- obtaining and analysing, also through discussions with the management, the relevant documentation related to the proposed sale in order to verify the existence of the requirements provided for by the international accounting standard IFRS 5 for the qualification of the assets and liabilities relating to the leasing companies as non-current assets and groups of assets held for sale and liabilities associated with assets held for sale;
- verification of the reasonableness of the principles and methods used by the Group in determining the fair value of the net assets of the leasing companies in Italy, Germany and Slovenia with respect to the reference accounting standards;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards.

## Risk of uncorrected classification and valuation of performing customer loans

### Description of the key audit matter

As indicated in the Notes to the accounts *Part B – Consolidated Balance Sheet – Section 4 – Financial assets at amortised cost (Table 4.2 Financial Assets at amortised cost: Breakdown by product of loans and advances to customers)*, loans to customers (stage 1 and stage 2) are equal to 428,271 million Euro.

As more broadly described in the Notes to the accounts *Part E - Information on risks and hedging policies - Section 2 - Risks of the prudential consolidated perimeter - 2.3 Measurement methods for expected losses*, the Group

applied managerial overlays to estimate the expected credit losses to include future potential risks related to: i) persisting uncertainties deriving from Covid-19 prolonged effects; ii) shrinking supply chains and rising energy prices; iii) expiration of the Covid government measures introduced by the different governments to support the economies. Furthermore, in addition to the specific initiatives put in place starting from financial year 2020 to assure a proper evaluation of the significant increase in credit risk deriving from the Covid-19 pandemic, starting from December 31, 2021, based also on European Central Bank expectations, specific methodological interventions have been introduced in the IFRS9 staging allocation process determining an overall increase of credit exposures classified in Stage 2 and consequently the recognition of higher write-downs in the consolidated financial statements.

The context was also characterized by the moratorium extension in Italy and Hungary whose impacts on the Group's economic and financial situation are reported in the Notes to the accounts in the following sections:

- *Part B - Balance sheet - Assets – Section 4 - Financial assets at amortised cost (4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments);*
- *Part C – Income statements – Section 8 Net losses/recoveries on credit impairment (8.1a Net impairment losses for credit risk relating to financial assets at amortised cost subject to Covid-19 measures: breakdown);*
- *Part E – Information on risks and hedging policies – Section A – Credit quality (A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value and A.1.7a Other loans and advances subject to Covid-19 measures: gross and net value);*

as required in the integration dated December 21, 2021 to the instructions “Circular No.262 requirements - Banks financial statements: schemes and compilation rules” by the Bank of Italy which required also for financial year 2021 a specific information on the effects that the Covid-19 and the measures to support the economy have produced on strategies, objectives and risk management policies, as well as on the financial and equity situation of intermediaries.

Considering the significance of the amount of the performing loans recorded in the financial statements, the increased complexity in the estimation processes adopted by the Group also to take into accounts persisting prolonged effects Covid-19 pandemic, we have identified the classification of performing loans, with particular reference to performing credit exposures with higher levels of management risk ("watchlist" exposures) and to exposures subject to moratorium- as well as the related process for determining collective loan loss provisions, as a key audit matter of the consolidated financial statements of the Group as at December 31, 2021.



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**Audit procedures performed**

The audit procedures performed included, among others, the following:

- analysis and understanding of the Group's internal control system and the relative internal regulations concerning to the credit process which included, in particular, the identification of the organizational and procedural safeguards implemented by the Group for monitoring credit quality, for the adequacy of the classification according to the provisions of the sector legislation and for the credit valuation in compliance with the applicable accounting standards; such analyses were focused on the main aspects referred to by the Supervisory Authorities following the Covid-19 pandemic;
- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- analysis of the implementation of the procedures and Group's processes, test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation process;
- analysis and understanding of the main valuation models adopted by the Group and of the related update, as well as check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network;
- analysis and verification on further assessments made by the Group for the classification of Stage 2 exposures and for the assessment of counterparties risk;
- checks on a sample basis of the classification according to the provisions of the sector legislation as well as of the related valuation in compliance with the applicable accounting standards;
- analysis and check of the collective valuation of performing loans, also through the development of independent estimates;
- comparative and trend analyses on the volumes of loans to customers and on related coverage ratios and comparison with the data of the previous year and with sector data;
- examination of the sensitivity analysis carried out by the Group on the expected losses accounted for at year end to changes in macroeconomic scenarios;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation.

**Risk of uncorrected classification and valuation of non-performing loans to customers (“bad loans” and “unlikely to pay”)**

**Description of the key audit matter**

As indicated in the Notes to the accounts *Part B – Consolidated Balance Sheet – Assets – Section 4 – Financial assets at amortised cost (table 4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers)*, the net carrying amount of non-performing loans to customers (stage 3) is equal to 7,480 million Euro.

The Consolidated report on operations shows that non-performing loans coverage ratio as at December 31, 2021 for bad loans is equal to 75.1% with a net carrying value of 1,121 million Euro, for unlikely to pay is equal to 46.6% with a net carrying value of 5,836 million Euro and for past due is equal to 38% with a net carrying value of 524 million Euro.

In the Notes to the accounts *Part A – Accounting Policies – Section A.2 – Main items of the accounts – Paragraph 16 – Other Information (Impairment)* is described that the valuation of bad loans and unlikely to pay takes place:

- on an analytical basis, on the basis of the estimated recoverable cash flows, discounted at the original interest rate of the financial asset;
- on a statistical basis, through the acknowledgment of coverage levels defined for credit portfolios below a predefined threshold;

and that, in accordance with the IFRS 9, the valuation of non-performing loans was determined by including also the multiple scenarios applicable to this type of exposures including any sales scenarios where the Group's non-performing loans asset strategy foresees the recovery through their disposal on the market.

Furthermore, starting from 2021 unlikely to pay exposures are partly evaluated based on flat-rate basis for homogeneous types of exposures.

In addition, in the Notes to the accounts *Part E – Information on risks and hedging policies – Section 2 – Risks of the prudential consolidated perimeter – 2.3 Measurement methods for expected losses*, at the end of December 2021 the Holding Company updated its disposal plan including further unlikely to pay exposures for a gross carrying amount of 583 million Euro, which were evaluated on the basis of recovery through their disposal on the market (“Selling Scenario”). Consequently, as at December 31, 2021 the exposures evaluated applying Selling Scenario approach are 1,900 million Euro of gross carrying amount. The inclusion of these exposures in the disposal plan and the consequent evaluation based on expected market prices (defined by observable internal or market benchmarks, depending on the availability of

the information and in compliance with internal regulations) led to additional loan loss provisions for 208 million Euro.

Considering the significance of non-performing loans amount recorded in the financial statements and the complexity of the estimation processes adopted by the Group which implied a complex classification activity into homogeneous risk categories and the use of some variables characterized by a high subjectivity (such as the estimates of expected cash flows, the relative recovery times, the recovery value of any guarantees and the recovery strategies, including the disposal on the market) for the determination of the relative recoverable amount, we have identified the classification of non-performing loans (bad loans and unlikely to pay) and their valuation as a key audit matter of the consolidated financial statements of the Group as at December 31, 2021.

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**Audit procedures performed**

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the related internal regulations regarding: (i) the monitoring of credit quality (ii) the management of non-performing loans (iii) the adequacy of the classification according to the provisions of the sector legislation and (iv) the credit valuation in compliance with the applicable accounting principles;
- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- verification of the implementation of the procedures and Group's processes, test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation processes;
- verification of the approval process by the competent bodies of the Bank of the strategy of reducing non-performing credit exposures through the disposal plan;
- analysis and understanding of the valuation model adopted for the determination of the additional loan loss provisions relating to non-performing loans valued on the basis of the recovery expectations through the sale and verification of the reasonableness of the expected market prices, also through the development of independent estimates;
- analysis and understanding of the main valuation models adopted by the Group and of the related update, as well as check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network;

- checks on a sample basis, for each category of non-performing loans, of the classification and of the related valuation in compliance with the Group's internal regulations;
- comparative and trend analyses, for each category of non-performing loans, on the volumes and on related coverage ratios and comparison with the data of the previous year and with sector data;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation.

### **Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements**

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the parent company UniCredit S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

**Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of UniCredit S.p.A. has appointed us on May 11, 2012 as auditors of the Bank for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS****Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of UniCredit S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

**Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of UniCredit S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of UniCredit Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of UniCredit Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.



In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of UniCredit Group as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

**Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254**

The Directors of UniCredit S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Maurizio Ferrero**  
Partner

Milan, Italy  
March 11, 2022

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*





# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

A reconciliation of the reclassified balance sheet and profit and loss account to the mandatory reporting schedules, is provided below. An explanation for the restatement of comparative figures is provided in the previous sections.

## Consolidated balance sheet

(€ million)		
ASSETS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Cash and cash balances	107,407	117,003
Item 10. Cash and cash balances	107,407	117,003
Financial assets held for trading	80,109	72,705
Item 20. Financial assets at fair value through profit or loss: a) Financial assets held for trading	80,109	72,705
Loans to banks	82,938	96,519
Item 40. Financial assets at amortised cost: a) Loans and advances to banks	91,403	102,193
less: Reclassification of debt securities in Other financial assets	(8,520)	(5,732)
less: Reclassification of leasing assets IFRS16 in Other financial assets	(2)	(2)
+ Reclassification of loans from Other financial assets - Item 20 c)	57	60
Loans to customers	437,544	450,550
Item 40. Financial assets at amortised cost: b) Loans and advances to customers	502,215	506,012
less: Reclassification of debt securities in Other financial assets	(66,464)	(57,277)
less: Reclassification of leasing assets IFRS16 in Other financial assets	(68)	(60)
+ Reclassification of loans from Other financial assets - Item 20 c)	1,862	1,876
Other financial assets	157,902	153,349
Item 20. Financial assets at fair value through profit or loss: b) Financial assets designated at fair value	279	226
Item 20. Financial assets at fair value through profit or loss: c) Other financial assets mandatorily at fair value	11,851	14,894
less: Reclassification of loans in Loans to banks	(57)	(60)
less: Reclassification of loans in Loans to customers	(1,862)	(1,876)
Item 30. Financial assets at fair value through other comprehensive income	68,564	72,737
Item 70. Equity investments	4,073	4,354
+ Reclassification of debt securities from Loans to banks - Item 40 a)	8,520	5,732
+ Reclassification of debt securities from Loans to customers - Item 40 b)	66,464	57,277
+ Reclassification of leasing assets IFRS16 from Loans to banks - Item 40 a)	2	2
+ Reclassification of leasing assets IFRS16 from Loans to customers - Item 40 b)	68	60
Hedging instruments	4,576	7,687
Item 50. Hedging derivatives	3,065	3,802
Item 60. Changes in fair value of portfolio hedged items (+/-)	1,511	3,886
Property, plant and equipment	8,911	9,939
Item 90. Property, plant and equipment	8,911	9,939
Goodwill	-	-
Item 100. Intangible assets of which: goodwill	-	-
Other intangible assets	2,213	2,117
Item 100. Intangible assets net of goodwill	2,213	2,117
Tax assets	13,551	13,097
Item 110. Tax assets	13,551	13,097
Non-current assets and disposal groups classified as held for sale	14,287	2,017
Item 120. Non-current assets and disposal groups classified as held for sale	14,287	2,017
Other assets	7,234	6,473
Item 130. Other assets	7,234	6,473
<b>Total assets</b>	<b>916,671</b>	<b>931,456</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated balance sheet

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Deposits from banks	162,561	172,465
Item 10. Financial liabilities at amortised cost: a) Deposits from banks	162,571	172,473
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(10)	(8)
Deposits from customers	500,504	498,440
Item 10. Financial liabilities at amortised cost: b) Deposits from customers	502,554	500,750
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(2,050)	(2,310)
Debt securities issued	95,898	102,524
Item 10. Financial liabilities at amortised cost: c) Debt securities in issue	95,898	102,524
Financial liabilities held for trading	51,608	47,787
Item 20. Financial liabilities held for trading	51,608	47,787
Other financial liabilities	11,616	12,887
Item 30. Financial liabilities designated at fair value	9,556	10,568
+ Reclassification of leasing liabilities IFRS16 from Deposits from banks	10	8
+ Reclassification of leasing liabilities IFRS16 from Deposits from customers	2,050	2,310
Hedging instruments	5,265	11,764
Item 40. Hedging derivatives	4,303	5,699
Item 50. Value adjustment of hedged financial liabilities (+/-)	963	6,065
Tax liabilities	1,216	1,358
Item 60. Tax liabilities	1,216	1,358
Liabilities included in disposal groups classified as held for sale	2,149	761
Item 70. Liabilities associated with assets classified as held for sale	2,149	761
Other liabilities	23,760	23,529
Item 80. Other liabilities	13,300	12,750
item 90. Provision for employee severance pay	516	592
Item 100. Provisions for risks and charges	9,944	10,188
Minorities	465	435
Item 190. Minority shareholders' equity (+/-)	465	435
Group shareholders' equity:	61,628	59,507
- Capital and reserves	60,089	62,292
Item 120. Valuation reserves	(4,337)	(6,160)
Item 140. Equity instruments	6,595	6,841
Item 150. Reserves	31,451	31,167
Item 160. Share premium	5,446	9,386
Item 170. Share capital	21,133	21,060
Item 180. Treasury shares (-)	(200)	(3)
- Net profit (loss)	1,540	(2,785)
Item 200. Profit (Loss) of the year (+/-)	1,540	(2,785)
<b>Total liabilities and shareholders' equity</b>	<b>916,671</b>	<b>931,456</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

## Consolidated income statement

	YEAR	
	2021	2020
Net interest	9,060	9,441
Item 30. Net interest margin	9,091	9,497
less: Reclassification net Interest contribution deriving from Trading Book instruments	6	3
+ Derivatives instruments - Economic Hedges - Others - Interest component	(38)	(59)
less: Purchase Price Allocation effect	1	-
Dividends and other income from equity investments	520	415
Item 70. Dividend income and similar revenues	351	208
less: Dividends from held for trading equity instruments included in Item 70	(255)	(133)
less: Dividends on equity investments, shares and equity instruments mandatorily at fair value	(59)	(43)
Item 250. Gains (Losses) of equity investments - of which: Profit (Loss) of equity investments valued at equity	483	383
Net fees and commissions	6,692	5,968
Item 60. Net fees and commissions	6,703	5,957
less: Settlement of specific accruals referred to previous years operations	-	22
+ Non-recoverable expenses incurred for customers financial transactions taxes (from Item 190 b)	(12)	(11)
Net trading income	1,638	1,412
Item 80. Net gains (losses) on trading	1,472	678
less: Derivatives instruments - Economic Hedges - Others - Interest component	38	59
Item 90. Net gains (losses) on hedge accounting	49	(54)
Item 100. Gains (Losses) on disposal and repurchase of: c) financial liabilities	50	6
Item 100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income	141	144
Item 110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	(469)	225
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities (from Item 100 a)	20	110
+ Dividends from held for trading equity instruments (from Item 70)	255	133
+ Dividends on equity investments, shares and equity instruments mandatorily at fair value (from Item 70)	59	43
+ Net results from trading of gold and precious metals (from Item 230)	29	70
+ Reclassification net Interest contribution deriving from Trading Book instruments	(6)	(3)
Net other expenses/income	45	(104)
Item 230. Other operating expenses/income	566	511
less: Integration costs	54	29
less: Recovery of expenses	(548)	(523)
less: Net value adjustments/write-backs on leasehold improvements (on non-separable assets)	57	61
less: Net results from trading of gold, precious stones and metals	12	(62)
less: Losses for re-purchase from clients of closed-end-funds shares in Germany	-	25
+ Settlement of specific accruals referred to previous years operations	-	(22)
+ Result of industrial companies	(7)	(4)
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans (from Item 100 a)	2	(2)
+ Net value adjustments/write-backs on property, plant and equipment in operating lease assets (from Item 210)	(100)	(119)
+ Gains (Losses) on disposals of investments in operating lease assets (from Item 280)	8	2
<b>OPERATING INCOME</b>	<b>17,954</b>	<b>17,132</b>

(€ million)



# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

(€ million)

	YEAR	
	2021	2020
<b>OPERATING INCOME</b>	<b>17,954</b>	<b>17,132</b>
Payroll costs	(6,022)	(5,968)
Item 190. Administrative expenses: a) staff costs	(7,045)	(7,388)
less: Integration costs	1,023	1,420
Other administrative expenses	(3,190)	(3,215)
Item 190. Administrative expenses: b) other administrative expenses	(4,212)	(4,091)
less: Administrative expenses: b) other administrative expenses of industrial companies	2	3
less: Contributions to the Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	1,036	921
less: Integration costs	30	1
less: Non-recoverable expenses incurred for customers financial transactions taxes	12	11
+ Net value adjustments/write-backs on leasehold improvements on non-separable assets (from Item 230)	(57)	(61)
Recovery of expenses	548	523
+ Recovery of expenses (from Item 230)	548	523
Amortisation, depreciation and impairment losses on intangible and tangible assets	(1,133)	(1,137)
Item 210. Net value adjustments/write-backs on property, plant and equipment	(857)	(960)
less: Impairment/writebacks of inventories assets (IAS2) obtained from recovery procedures of NPE	17	21
less: Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	7	116
less: Net value adjustments/write-backs of tangible in operating lease assets	100	119
less: Impairment/write backs of right of use of land and buildings used in the business	5	27
less: Integration costs	80	(7)
Item 220. Net value adjustments/write-backs on intangible assets	(621)	(471)
less: Integration costs	136	18
<b>Operating costs</b>	<b>(9,797)</b>	<b>(9,797)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>8,158</b>	<b>7,335</b>
Net write-downs on loans and provisions for guarantees and commitments	(1,634)	(4,996)
Item 100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost	53	80
less: Gains (Losses) on disposals/repurchases on loans and receivables - performing loans	(2)	2
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities	(20)	(110)
Item 130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost	(2,167)	(4,640)
less: Net losses/recoveries on impairment relating to: a) financial assets at amortised cost - debt securities	(15)	20
less: Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	547	-
Item 130. Net losses/recoveries on credit impairment relating to: b) Financial assets at fair value through other comprehensive income	(18)	(16)
less: Net losses/recoveries on impairment relating to: b) Financial assets at fair value through other comprehensive income - debt securities	18	16
Item 140. Gains/Losses from contractual changes with no cancellations	(5)	(20)
Item 200. Net provisions for risks and charge: a) commitments and financial guarantees given	(26)	(330)
less: Net provisions for risks and charge - Ex Post Contributions to Deposit Guarantee Schemes (DGS)	1	2
<b>NET OPERATING PROFIT (LOSS)</b>	<b>6,524</b>	<b>2,339</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

(€ million)

	YEAR	
	2021	2020
<b>NET OPERATING PROFIT (LOSS)</b>	<b>6,524</b>	<b>2,339</b>
Other charges and provisions	(1,386)	(1,055)
Item 200. Net provisions for risks and charges: b) other net provision	(351)	(158)
less: Integration costs	13	4
less: Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	(10)	22
+ Contributions to Resolution Funds (SRF), Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA (from Item 190 b)	(1,036)	(921)
+ Net provisions for risks and charge - Ex Post Contributions to Deposit Guarantee Schemes (DGS) - (from Item 200)	(1)	(2)
Integration costs	(1,337)	(1,464)
+ Payroll costs - Administrative expenses - of which a) staff costs - integration costs (from Item 190)	(1,023)	(1,420)
+ Other administrative expenses - Administrative expenses - of which b) other administrative expenses - integration costs (from Item 190)	(30)	(1)
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on property, plant and equipment - integration costs (from Item 210)	(80)	7
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on intangible assets - integration costs (from Item 220)	(136)	(18)
+ Other charges and provisions - Net provisions for risks and charges - integration costs (from Item 200)	(13)	(4)
+ Net other expenses/income - Other operating expenses/income - integration costs (from Item 230)	(54)	(29)
Net income from investments	(2,565)	(1,365)
Item 250. Gains (Losses) of equity investments - of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity excluded IFRS5	(1,869)	(1,678)
Item 260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(19)	10
Item 280. Gains (Losses) on disposals on investments	11	488
less: Gains (Losses) on disposals on investments in operating lease assets	(8)	(2)
less: Industrial companies	5	1
+ Losses for re-purchase from clients of closed-end-funds shares in Germany	-	(25)
+ Net losses/recoveries on impairment relating to: of which: a) financial assets at amortised cost - debt securities (from Item 130)	15	(20)
+ Net losses/recoveries on impairment relating to: of which: b) financial assets at fair value through other comprehensive income - debt securities (from Item 130)	(18)	(16)
+ Impairment/writebacks of inventories assets (IAS2) obtained from recovery procedures of NPE	(17)	(21)
+ Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	(620)	(140)
+ Net results from trading of precious stones (from Item 230)	(41)	(8)
+ Impairment/write backs of right of use of land and buildings used in the business	(5)	(27)
less: Purchase Price Allocation effect	-	72
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>1,236</b>	<b>(1,546)</b>
Income tax for the period	330	(344)
Item 300. Tax expenses (income) of the year from continuing operations	331	(322)
less: Purchase Price Allocation effect	-	(23)
<b>NET PROFIT (LOSS)</b>	<b>1,566</b>	<b>(1,890)</b>
Profit (Loss) from non-current assets held for sale after tax	4	49
Item 320. Profit (Loss) after tax from discontinued operations	4	49
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>1,570</b>	<b>(1,842)</b>
Minorities	(30)	(7)
Item 340. Minority profit (loss) of the year	(30)	(7)
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>1,540</b>	<b>(1,849)</b>
Purchase Price Allocation effect	(1)	(50)
Goodwill impairment	-	(886)
Item 270. Goodwill Impairment	-	(886)
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>1,540</b>	<b>(2,785)</b>

## Annex 2 - Audit fees and other non-audit services

## UniCredit group 2021 - Deloitte Network

As prescribed by Art.149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2021 for services rendered by Deloitte & Touche S.p.A. and firms in its network.

(€ million)			
SERVICE TYPE	SERVICE PROVIDER	USER	FEES(*)
Audit(**)	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	3.4
	Deloitte & Touche S.p.A.	Subsidiaries	1.2
	Deloitte Network	Subsidiaries	15.3
Attestation services(***)	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	3.2
	Deloitte & Touche S.p.A.	Subsidiaries	0.2
	Deloitte Network	Parent company - UniCredit S.p.A.	0.1
	Deloitte Network	Subsidiaries	3.6
Other services(****)	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	0.6
	Deloitte & Touche S.p.A.	Subsidiaries	0.1
	Deloitte Network	Parent company - UniCredit S.p.A.	0.4
	Deloitte Network	Subsidiaries	5.3
<b>Total</b>			<b>33.4</b>

## Notes:

(\*) Excl. VAT and expenses.

(\*\*) Does not include fees for audits of investment funds.

(\*\*\*) Mainly verification services provided to UniCredit S.p.A. (e.g. Limited review on 2021 non financial information, Limited review on 1Q 2021 and 3Q 2021 Company and Consolidated Reports, Comfort Letter for the inclusion of year-end net profit in Common Equity Tier 1 Capital, ISAE 3000 Revised Mifid II, ISAE 3000 Revised TLTRO III, Issuing Comfort Letters concerning bond issues), other verification services required by regulations/local Supervisory Authorities in Germany, Austria and other Central and Eastern Europe Countries.

(\*\*\*\*) Mainly other services provided to UniCredit S.p.A. (e.g. AUP on Own Funds, Accounting due diligence, support to Projects "Cash Management initiative in Banking sector" and "Mobile Leadership Evolution prosecution"); services provided to the subsidiary UniCredit Services S.C.p.A.; support provided to the subsidiary UniCredit Bank AG and other subsidiaries of the Group.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

## Traditional securitisations of Performing and Non-Performing loans

STRATEGIES, PROCESSES AND GOALS:	<p>The initiatives are a part of the Group's strategies, one of the objectives of which is to finance, at competitive rates (and in large amounts), the development of medium and long-term through the disposal of existing "Performing" and "Non-Performing" loan portfolios and also creating eligible securities for refinancing operations with the ECB and/or with third parties (counterbalancing capacity).</p> <p>The main advantages of the transactions can be summarised as follows:</p> <ul style="list-style-type: none"> <li>- improvement in the matching of asset maturities;</li> <li>- diversification of sources of financing;</li> <li>- broadening of investor base and resulting optimisation of funding cost;</li> <li>- creating counterbalancing capacity.</li> </ul> <p>Moreover, securitisation transactions can also be implemented for purposes related to business projects (for better management of assets), corporate restructuring or deleveraging projects.</p>
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	<p>UniCredit S.p.A. acts as "Servicer" for almost all transactions concerned for which is Originator. As per the agreements entered into with issuing companies (special purpose vehicles - SPV), servicing consists of performing, on behalf of these companies, administrative, collection and securitised loan collection activities as well as the management of any recovery procedures for impaired loans. Thus, as Servicer, UniCredit S.p.A. is charged with continually tracking cash flows from securitised loans and constantly monitoring their collection, with the assistance of third party companies (especially for the recovery of impaired loans; the company involved is DoValue S.p.A., which operates as an assistant to the Servicer, governed by a special agreement).</p> <p>The Servicer provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by, periodically reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.</p>
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	<p>From a strategic point of view, Finance Italy is responsible for central coordination. In this context, the above structure plays:</p> <p>a) in the launch phase of the operation the role of proposer and provides support to the other Bank's Divisions and to the individual Legal Entities in conducting transactions, cooperating with all the other departments (Planning &amp; Control Italy, Group Risk Management, Strategy and M&amp;A ecc) in identifying the characteristics and the distinctive features of "true sale" securitisations loans in order to achieve the targets set in the Group's Funding Plan and in the Contingency Funding Plan, approved by the Board of Directors, in the ordinary plan of creating counterbalancing capacity, as well as in organisational strategy and business of Top Management. Specific transactions are subject to prior approval by the competent departments of the Holding and of the Originator Bank (during approval, among other things, the structure, costs and impacts in terms of liquidity, counterbalancing capacity, organisational, business and/or any capital relief are discussed and analysed), and to final approval by the Board of Directors of the Originator Bank;</p> <p>b) in the management phase of the operation, the monitoring role of the securitised portfolios performances and any rating action published by Ratings Agencies, the interactions with the Ratings Agencies in order to submit regular information on portfolios and, more generally, the role of coordination of the Originator Bank to facilitate the solution of events relating to the securitised portfolios (management of actions of payments holidays, downgrading, restructurings, etc.).</p> <p>The Bank has established a special coordination unit (General Ledger &amp; Securitisation Reporting) within the Accounting Italy Department. This unit has been tasked with administrative activities connected to the Servicer and Account Bank related-duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Finance Italy, ecc.) and the Group (UniCredit Services S.C.p.A., etc.). It also provides a technical and operational support to network units. The information regarding the monitoring of collections and the performance of the securitised portfolio is periodically submitted to the Servicer's Board of Directors.</p>
HEDGING POLICIES:	<p>By agreement, securitised portfolios can be protected from interest rate risk by means of the Special Purpose Vehicle entering into Interest Rate Swap (IRS) agreements to hedge a fixed-rate portfolio, and Basis Swaps to hedge an indexed rate portfolio. In connection with these swaps, always if required by agreements, related back-to-back swap contracts are entered into between the Swap counterparty and UniCredit S.p.A. as Originator, interfaced in some cases by UniCredit Bank AG.</p>
OPERATING RESULTS:	<p>At the end of December 2021, the operating results related to existing securitisation transactions essentially reflected the performance of underlying portfolios and the resulting cash flows, and obviously are affected by the amount of defaults and prepayments during the period, which, moreover, are in line with the performance seen in other assets of this kind that are not securitised. The exercise of the option to repurchase the securitized portfolios underlying operations "Heliconus" and "Bipca Cordusio RMBS" did not result in significant additional economic impacts.</p>

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	IMPRESA TWO	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Impresa Two S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank AG	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Corporate Loans	
Quality of Asset:	Performing	
Closing date:	08.11.2019	
Nominal Value of reference portfolio (€ million):	11,066	
Issued guarantees by the Bank (€):	-	
Issued guarantees by third parties (€):	-	
Bank Lines of Credit:		
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	Cash reserve funded by portfolio collections: €116 million.	
Other relevant information:	Self-securitisation/Renegotiation cash reserve funded by portfolio collections: €29 million. UCI has issued credit lines for a €2 billion maximum amount in order to fund, subject to some conditions, a Cash Reserve to cover Set-Off and Commingling risks.	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005389520	IT0005389538
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aa3/AL	-
. Nominal Value Issued (€ million)	7,746	3,320
. Nominal value at the end of accounting period (€ million)	7,746	3,320

## Note:

(\*) In the 2021 fourth quarter an amendment has been performed in order to further postpone the revolving period until January 2024.

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	CONSUMER THREE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Consumer Three S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Counterbalancing capacity	
Type of asset:	Personal loans	
Quality of Asset:	Performing	
Closing date:	04.20.2016	
Nominal Value of disposal portfolio (€ million) <sup>(*)</sup> :	6,077	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:		
Other relevant information:	Self-securitisation/UniCredit S.p.A. has granted SPV a subordinated loan of €50 million for loans renegotiation. Consumer Three has also constituted a cash reserve for ABS investors; the outstanding amount, at the end of accounting period, is €51 million, due to further amounts from waterfall payments. Both reserves are constituted into an eligible entity.	
Rating Agencies:	Moody's/Fitch	
Amount of CDS or other supersenior risk transferred (€ million):		
Amount and Condition of tranching:		
. ISIN	IT0005176505	IT0005176513
. Type of security	Senior	Junior
. Class	A	J
. Rating	Aa3/A	-
. Nominal value issued (€ million) <sup>(*)</sup>	4,679	1,398
. Nominal value at the end of accounting period (€ million) <sup>(*)</sup>	4,679	1,398

## Note:

(\*) In the 2018 third quarter an amendment has been performed in order to postpone the revolving period until June 2020. Moreover an extraordinary new transfer has been settled along the 2018 fourth quarter, increasing the nominal value of the disposal portfolio at €2,000 million, the Senior Note nominal value at €1,664 million and the Junior Note nominal value at €335 million. The Notes Final Maturity Date has been postponed to December 2056. The Cash Reserve Required Amount has decreased from €60 million to €51 million. In the 2020 second quarter an amendment has been performed in order to further postpone the revolving period until June 2022.

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.



## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	CORDUSIO RMBS UCFIN - SERIE 2006 (EX CORDUSIO RMBS 3 - UBCASA 1)	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex Banca per la Casa S.p.A.)	
Issuer:	Cordusio RMBS UCFin S.r.l. (ex Cordusio RMBS 3 - UBCasa 1 S.r.l.)	
Servicer:	UniCredit S.p.A.	
Arranger:	UCB AG London Branch	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	11.16.2006	
Nominal Value of disposal portfolio (€ million):	2,496	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €15 million, which at the end of accounting period is fully reimbursed.	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €160 million of funds into an eligible entity to maintain its role as an Account Bank; during the year 2017, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover UniCredit S.p.A., on 2013, has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Fitch/Moody's/Standard & Poor's	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0004144884	IT0004144892
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	AA/Aa3/AA
. Nominal value issued (€ million):	600	1,735
. Nominal value at the end of accounting period (€ million):	-	69
. ISIN	IT0004144900	IT0004144934
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/Aa3/AA	AA-/Aa3/AA
. Nominal value issued (€ million):	75	25
. Nominal value at the end of accounting period (€ million):	75	25
. ISIN	IT0004144959	IT0004144967
. Type of security	Mezzanine	Junior
. Class	D	E
. Rating	BBB/A3/AA	-
. Nominal value issued (€ million):	48	13
. Nominal value at the end of accounting period (€ million):	48	13

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	CORDUSIO RMBS SECURITISATION - SERIE 2007	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UCB Ag London Branch (ex Bayerische Hypo und Vereinsbank AG, London Branch)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	05.22.2007	
Nominal Value of disposal portfolio (€ million):	3,908	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €6.253 million, at the end of accounting period that amount is fully reimbursed	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €236 million of funds into an eligible entity to maintain its role as an Account Bank; during the year 2017, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover, in 2013, UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Fitch/Moody's/Standard & Poor's	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0004231210	IT0004231236
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	-
. Nominal value issued (€ million):	704	2,228
. Nominal value at the end of accounting period (€ million):	-	-
. ISIN	IT0004231244	IT0004231285
. Type of security	Senior	Mezzanine
. Class	A3	B
. Rating	A+/Aa3/AA	A+/Aa3/AA
. Nominal value issued (€ million):	739	71
. Nominal value at the end of accounting period (€ million):	177	71
. ISIN	IT0004231293	IT0004231301
. Type of security	Mezzanine	Mezzanine
. Class	C	D
. Rating	A+/Aa3/AA	BBB+/A1/AA-
. Nominal value issued (€)	44	102
. Nominal value at the end of accounting period (€)	44	102
. ISIN	IT0004231319	IT0004231327
. Type of security	Mezzanine	Junior
. Class	E	F
. Rating	BBB+/A3/BBB	-
. Nominal value issued (€ million):	20	2
. Nominal value at the end of accounting period (€ million):	20	2

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex Banca di Roma S.p.A.)	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UCB AG (ex Capitalia S.p.A.)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	05.14.2007	
Nominal Value of disposal portfolio (€ million):	2,183	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €37 million (as equity).	
Other relevant information:	Tranching based on an original assets portfolio €2,479 million, reduced to €2,183 million due to checks after closing date. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid funds into an eligible entity (amounting to €156 million at 31 December 2016) to maintain its role as Account Bank; during the 2017, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid.	
Rating Agencies:	S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0004222532	IT0004222540
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	AA/Aa3/A+	AA/Aa3/A+
. Nominal value issued (€ million):	1,736	644
. Nominal value at the end of accounting period (€ million):	107	163
. ISIN	IT0004222557	IT0004222565
. Type of security	Mezzanine	Junior
. Class	B	C
. Rating	BBB/Baa1/B+	CCC-/Ba3/B+
. Nominal value issued (€ million):	74	25
. Nominal value at the end of accounting period (€ million):	74	25

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	F-E MORTGAGES 2005		F-E MORTGAGES SERIES 1-2003	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A. (ex FinecoBank S.p.A.)		UniCredit S.p.A. (ex Fin-eco Banca ICQ S.p.A.)	
Issuer:	F-E Mortgages S.r.l.		F-E Mortgages S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A. (ex MCC S.p.A. - Capitalia Gruppo Bancario)		UniCredit S.p.A. (ex MCC S.p.A. - Capitalia Gruppo Bancario)	
Target transaction:	Funding/Counterbalancing capacity		Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans		Residential Mortgage Loans	
Quality of Asset:	Performing		Performing	
Closing date:	04.06.2005		11.27.2003	
Nominal Value of disposal portfolio (€ million):	1,029		749	
Guarantees issued by the Bank:	-		-	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		UniCredit S.p.A. issued a credit line for €20 million (jointly with The Royal Bank of Scotland Milan Branch). The amount of line of credit is totally redeemed	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €15 million (as Equity). At the end of accounting period the amount of capital tranche is fully reimbursed		-	
Other relevant information:	-		Following the downgrade of Royal Bank of Scotland Plc by Moody's, on 3 August 2012 UniCredit S.p.A. made a reserve of €20 million for the SPV, corresponding to the liquidity line	
Rating Agencies:	S & P/Moody's/Fitch		S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred (€ million):	-		-	
Amount and Conditions of tranching:				
. ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070
. Type of security	Senior	Mezzanine	Senior	Mezzanine
. Class	A	B	A1	B
. Rating	AA/Aa3/AA	AA/Aa3/AA	-	AA/Aa3/AA
. Nominal value issued (€ million):	952	41	682	48
. Nominal value at the end of accounting period (€ million):	30	37	-	18
. ISIN	IT0003830434		IT0003575088	IT0003575096
. Type of security	Junior		Mezzanine	Junior
. Class	C		C	D
. Rating	BBB+/Aa3/A+		AA/Aa3/AA	-
. Nominal value issued (€ million):	36		11	8
. Nominal value at the end of accounting period (€ million):	32		11	8

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	ARENA NPL ONE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex UCCMB S.p.A.)	
Issuer:	Arena NPL One S.r.L.	
Servicer:	UniCredit S.p.A.	
Arranger:	UBS	
Target transaction:	Funding	
Type of asset:	Unsecured loans - mortgage loans	
Quality of asset:	Non-Performing	
Closing date:	12.04.2014	
Nominal Value of disposal portfolio (€ million):	8,461	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	UniCredit S.p.A. issued a line of Liquidity Facility revolving amounts to €100 million, used for €30 million at the end of accounting period.	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Self-securitisation/UniCredit S.p.A. has granted SPV a loans facility of €30 million, used for legal expenses and refunded for an amount of €24 million at the end of accounting period.	
Rating Agencies:	No Rating Agency	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005070120	IT0005070138
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Nominal value issued (€ million):	304	913
. Nominal value at the end of accounting period (€ million):	-	913

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

STRATEGIES, PROCESSES AND GOALS:	<p>The following initiatives, called Pillarstone Italy, were undertaken to allow the Group to improve the management of loan restructuring, also through the innovative use (for this purpose) of securitisation. The goal is to facilitate and increase recoveries of the exposures under securitisation thanks to:</p> <ul style="list-style-type: none"> <li>- restructuring with long-term industrial logic, focusing on introducing new finance (by third parties) in favour of the debtors sold, with focus on concrete needs and opportunities for the companies involved;</li> <li>- efficient and targeted restructuring and turnaround processes.</li> </ul> <p>Shared acceptance of the economic principles that guide the transactions in question and a strong alignment of the interests between the parties involved, ensures the asset manager's commitment to maximize the value of the said assets, optimising therefore the expected recovery on the junior notes bought by UniCredit S.p.A., through the transferred management of the securitised portfolio.</p>
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	<p>UniCredit S.p.A. does not act as Servicer. The business of servicing is carried out by third parties outside the Group, as per the contracts stipulated with the Special Purpose Vehicle issuing the ABS securities, and involves the administration, encashment, restructuring and collection of securitised loans, on behalf thereof, as well as managing any recovery proceedings on Non-Performing loans. The Servicer of the assets, therefore, has the task, on an ongoing basis, of following the financial flows arising from the securitised loans, constantly monitoring the encashment, also where appropriate making use of third party companies.</p> <p>For each specific transaction, the Servicer provides the Special Purpose Vehicle (in addition to other counterparties as defined in the servicing contracts, including UniCredit S.p.A.) with information on the activities carried out via periodic reports which show, inter alia, the collection and realization of the assigned receivables, the number of defaulted positions and the successfully completed recoveries, the instalments in arrears, restructuring activities, etc. Where contractually provided for, these reports are periodically checked by an independent auditors' firm.</p>
ORGANIZATIONAL STRUCTURE:	<p>The Servicer provides UniCredit S.p.A. with a series of reports that enable the evaluation and monitoring of the underlying portfolios. On a quarterly basis the performances are also presented in the reference internal Credit Committees.</p>
HEDGING POLICIES:	<p>There are no risk hedging derivatives.</p>
OPERATING RESULTS:	<p>We implemented a set of monitoring initiatives, focused on one side on the single company performances and, on the other side, on the evolution of the Pillarstone project as a whole.</p>



## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Operations of securitisation of Non-Performing credits

SECURITISATION NAME:	SANDOKAN			
Type of securitisation:	Traditional			
Originator:	UniCredit S.p.A.			
Issuer:	Yanez S.r.l.			
Servicer:	Banca Finanziaria Internazionale S.p.A.			
Arranger:	-			
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtors sold, in order to optimise the reimbursement of the securitised portfolio.			
Type of asset:	Corporate loans			
Quality of Asset:	Unlikely to pay + NPL			
Closing date:	12.11.2016	11.21.2017	10.17.2018	12.12.2018
Nominal Value of disposal portfolio (€ million):	861	240	18	96
Net amount of pre-existing write-down/write-backs:	-	-	-	-
Disposal Profit & Loss realised (€ million):	-	-	-	-
Portfolio disposal price (€ million):	861	240	18	96
Guarantees issued by the Bank:	-	-	-	-
Guarantees issued by Third Parties:	-	-	-	-
Bank Lines of Credit :	10			
Third Parties Lines of Credit (€ million):	-	-	-	-
Other Credit Enhancements (€ million):	-	-	-	-
Other relevant information:	-	-	-	-
Rating Agencies:	-			
Amount of CDS or other supersenior risk transferred:	-			
Amount and Condition of tranching:				
. ISIN	IT0005382103		IT0005273674	
. Type of security	Senior <sup>(1)(*)</sup>		Senior <sup>(1)(*)</sup>	
. Class	AS1		AS2	
. Rating	-		-	
. Quotation	-		-	
. Issue date	08.11.2019		07.31.2017	
. Legal maturity	11.30.2025		11.30.2050	
. Call option	-		-	
. Expected duration (years)	-		-	
. Rate	4.5%		4.0%	
. Subordinated level	pari passu AS2		pari passu AS1	
. Nominal value issued (€ million)	150		100	
. Nominal value at the end of accounting period (€ million)	3		-	
. Security subscribers	D2 Europe I S.à r.l./Banca Finanziaria Internazionale		Celidoria S.a.r.l./Europa Plus SCA SIF/Banca Finanziaria Internazionale	
Amount and Condition of tranching:				
. ISIN	IT0005382111		IT0005273690	
. Type of security	Senior <sup>(1)(*)</sup>		Senior <sup>(1)(*)</sup>	
. Class	AJ1		AJ2	
. Rating	-		-	
. Quotation	-		-	
. Issue date	08.11.2019		07.31.2017	
. Legal maturity	11.30.2050		11.30.2050	
. Call option	-		-	
. Expected duration (years)	-		-	
. Rate	14.0%		14.0%	
. Subordinated level	Sub AS1, AS2, pari passu AJ2, AX		Sub AS1, AS2, pari passu AJ1 and AX	
. Nominal value issued (€ million)	10		10	
. Nominal value at the end of accounting period (€ million)	-		-	
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF		Celidoria S.a.r.l./Europa Plus SCA SIF	
. ISIN	IT0005273666		IT0005273708	
. Type of security	Senior <sup>(1)(*)</sup>		Mezzanine <sup>(1)</sup>	
. Class	AX		B1	
. Rating	-		-	
. Quotation	-		-	
. Issue date	07.31.2017 - 11.08.2019 (size increase)		07.31.2017 - 05.10.2019 (size increase)	
. Legal maturity	11.30.2050		11.30.2050	
. Call option	-		-	
. Expected duration (years)	-		-	
. Rate	14.0%		3.0%	
. Subordinated level	Sub AS1, AS2, pari passu AJ1, AJ2		Sub AS1, AS2, AJ	
. Nominal value issued (€ million)	10		181 <sup>(**)</sup>	
. Nominal value at the end of accounting period (€ million)	-		-	
. Security subscribers	Banca Finanziaria Internazionale		UniCredit S.p.A.	

## Annex 3 - Securitisations - qualitative tables

continued from previous page

SECURITISATION NAME:	SANDOKAN	
. ISIN	IT0005273724	IT0005273732
. Type of security	Mezzanine <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	B2	C1
. Rating	-	-
. Quotation	-	-
. Issue date	07.31.2017 - 05.10.2019 (size increase)	07.31.2017 - 05.10.2019 (size increase)
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	1.6	3.9
. Rate	7.5%	3.5%
. Subordinated level	Sub AS1, AS2, AJ, AX, B1	Sub AS1, AS2, AJ, AX, B1, B2
. Nominal value issued (€ million)	45 <sup>(**)</sup>	62 <sup>(**)</sup>
. Nominal value at the end of accounting period (€ million)	0	30
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.
. ISIN	IT0005273740	IT0005273757
. Type of security	Mezzanine <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	C2	D1
. Rating	-	-
. Quotation	-	-
. Issue date	07.31.2017 - 05.10.2019 (size increase)	07.31.2017 - 05.10.2019 (size increase)
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	4.9	6.3
. Rate	15.0%	4.0%
. Subordinated level	Sub AS1, AS2, AJ, AX, B1, B2, C1	Sub AS1, AS2, AJ, AX, B1, B2, C1, C2
. Nominal value issued (€ million)	16 <sup>(**)</sup>	153 <sup>(**)</sup>
. Nominal value at the end of accounting period (€ million)	8	153
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.
. ISIN	IT0005273773	IT0005273872
. Type of security	Mezzanine <sup>(*)</sup>	Junior <sup>(*)</sup>
. Class	D2	E
. Rating	-	-
. Quotation	-	-
. Issue date	07.31.2017 - 05.10.2019 (size increase)	07.31.2017 - 05.10.2019 (size increase)
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	6.9	10.0
. Rate	19.0%	5%
. Subordinated level	Sub AS1, AS2, AJ, AX, B1, B2, C1, C2, D1	Sub AS1, AS2, AJ, AX, B1, B2, C1, C2, D1, D2
. Nominal value issued (€ million)	8 <sup>(**)</sup>	750 <sup>(**)</sup>
. Nominal value at the end of accounting period (€ million)	8	750
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.
<b>Distribution of securitised assets by area (€):</b>		
Italy	1,215	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>1,215</b>	
<b>Distribution of securitised assets by business sector of the borrower (€):</b>		
Governments	-	
other governments agencies	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	1,215	
Other entities	-	
<b>Total</b>	<b>1,215</b>	

**Notes:**

(\*) The classification of the field "Type of security" refers to Bank of Italy Circular No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

(\*\*) Securitised issued to fund new money finance needs.

(\*\*\*) Nominal Value Issued B1: €172 million at Note Issuance + €9 million due to Size Increase; Nominal Value Issued B2: €43 million + €2 million following Size Increase; Nominal Value Issued C1: €57 million + €5 million due to Size Increase; Nominal Value Issued C2: €14 million + €1 million following the Size Increase; Nominal Value Issued D1: €126 million + €27 million due to Size Increase; Nominal Value Issued D2: €7 million + €1 million due to Size Increase Nominal Value Issued: €442 million + €308 million due to Size Increase.

The "Closing date" corresponds to the date of portfolio sale.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		SANDOKAN 2				
Type of securitisation:		Traditional				
Originator:		UniCredit S.p.A.				
Issuer:		Yanez S.r.l.				
Servicer:		Banca Finanziaria Internazionale S.p.A.				
Arranger:		-				
Target transaction:		Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtors sold, in order to optimise the reimbursement of the securitised portfolio.				
Type of asset:		Corporate loans				
Quality of Asset:		Unlikely to pay + NPL				
Closing date:		06.05.2019	07.17.2019	12.04.2019	03.09.2020	05.07.2020
Nominal Value of disposal portfolio (€ million):		144	163	381	86	162
Net amount of pre-existing write-down/write-backs:		-	-	-	-	-
Disposal Profit & Loss realised (€ million):		-	-	-	-	-
Portfolio disposal price (€ million):		144	163	381	86	162
Guarantees issued by the Bank:		-	-	-	-	-
Guarantees issued by Third Parties:		-	-	-	-	-
Bank Lines of Credit:		10				
Third Parties Lines of Credit (€ million):		-				
Other Credit Enhancements (€ million):		-				
Other relevant information:		-				
Rating Agencies:		-				
Amount of CDS or other supersenior risk transferred:		-				
Amount and Condition of tranching:						
. ISIN		IT0005432114			IT0005432270	
. Type of security		Senior("I")			Senior("I")	
. Class		AS2			AS4	
. Rating		-			-	
. Quotation		-			-	
. Issue date		12.30.2020 - 10.29.2021			12.30.2020	
. Legal maturity		10.31.2054			10.31.2053	
. Call option		-			-	
. Expected duration (years)		-			-	
. Rate		4.0%			4.0%	
. Subordinated level		pari passu AS4			pari passu AS2	
. Nominal value issued (€ million)		100			100	
. Nominal value at the end of accounting period (€ million)		14			-	
. Security subscribers		PAF BRAVO III - Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Seed Fund/Banca Finanziaria Internazionale			PAF BRAVO III - Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Seed Fund/Banca Finanziaria Internazionale	
Amount and Condition of tranching:						
. ISIN		IT0005432288			IT0005432296	
. Type of security		Senior("I")			Senior("I")	
. Class		AJ2			AJ4	
. Rating		-			-	
. Quotation		-			-	
. Issue date		12.30.2020 - 10.29.2021			12.30.2020	
. Legal maturity		10.31.2054			10.31.2053	
. Call option		-			-	
. Expected duration (years)		-			-	
. Rate		14.0%			14.0%	
. Subordinated level		Sub AS2, AS4, pari passu AJ4, AX			Sub AS2, AS4, pari passu AJ2 and AX	
. Nominal value issued (€ million)		10			10	
. Nominal value at the end of accounting period (€ million)		1			-	
. Security subscribers		PAF BRAVO III - Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Seed Fund			PAF BRAVO III - Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Seed Fund	
. ISIN		IT0005432304			IT0005432312	
. Type of security		Senior("I")			Senior("I")	
. Class		AX			AY	
. Rating		-			-	
. Quotation		-			-	
. Issue date		12.30.2020			12.30.2020	
. Legal maturity		10.31.2054			10.31.2053	
. Call option		-			-	
. Expected duration (years)		-			-	
. Rate		14.0%			14.0%	
. Subordinated level		Sub AS2, AS4, pari passu AJ2, AJ4 and AY			Sub AS2, AS4, pari passu AJ2, AJ4 and AX	
. Nominal value issued (€ million)		10			10	
. Nominal value at the end of accounting period (€ million)		-			-	
. Security subscribers		Yanez/Banca Finanziaria Internazionale			Yanez/Banca Finanziaria Internazionale	

## Annex 3 - Securitisations - qualitative tables

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SECURITISATION NAME:	SANDOKAN 2	
. ISIN	IT0005432320	IT0005432338
. Type of security	Mezzanine <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	B1	B2
. Rating	-	-
. Quotation	-	-
. Issue date	12.30.2020	12.30.2020
. Legal maturity	10.31.2054	10.31.2054
. Call option	-	-
. Expected duration (years)	1.8	1.8
. Rate	5.0%	5.0%
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1
. Nominal value issued (€ million)	15	19
. Nominal value at the end of accounting period (€ million)	1	1
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A./PAF BRAVO III - Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Seed Fund
. ISIN	IT0005432346	IT0005432353
. Type of security	Mezzanine <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	C1	C2
. Rating	-	-
. Quotation	-	-
. Issue date	12.30.2020	12.30.2020
. Legal maturity	10.31.2054	10.31.2054
. Call option	-	-
. Expected duration (years)	4.3	4.3
. Rate	5.5%	9.0%
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C1
. Nominal value issued (€ million)	32	11
. Nominal value at the end of accounting period (€ million)	32	11
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A./PAF BRAVO III - Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Seed Fund
. ISIN	IT0005432361	IT0005432379
. Type of security	Mezzanine <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	D1	D2
. Rating	-	-
. Quotation	-	-
. Issue date	12.30.2020	12.30.2020
. Legal maturity	10.31.2054	10.31.2054
. Call option	-	-
. Expected duration (years)	5.9	5.9
. Rate	6.0%	8.5%
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C2	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C2, D1
. Nominal value issued (€ million)	59	7
. Nominal value at the end of accounting period (€ million)	59	7
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A./PAF BRAVO III - Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF - Seed Fund
. ISIN	IT0005432387	
. Type of security	Junior <sup>(*)</sup>	
. Class	E	
. Rating	-	
. Quotation	-	
. Issue date	12.30.2020	
. Legal maturity	10.31.2054	
. Call option	-	
. Expected duration (years)	8.1	
. Rate	5.0%	
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C2, D1, D2	
. Nominal value issued (€ million)	766	
. Nominal value at the end of accounting period (€ million)	766	
. Security subscribers	UniCredit S.p.A.	

## Annex 3 - Securitisations - qualitative tables

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SECURITISATION NAME:	SANDOKAN 2	
<b>Distribution of securitised assets by area (€):</b>		
Italy	935	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>935</b>	
<b>Distribution of securitised assets by business sector of the borrower (€):</b>		
Governments	-	
other governments agencies	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	935	
Other entities	-	
<b>Total</b>	<b>935</b>	

**Notes:**

(\*) The classification of the field "Type of security" refers to Bank of Italy Circular No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

(\*\*) Securities issued to fund new money finance needs.

The "Closing date" corresponds to the date of portfolio sale.

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	PILLARSTONE ITALY - PREMUDA	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.	
Arranger:	-	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans	
Quality of Asset:	Unlikely to pay	
Closing date:	07.14.2016	04.04.2017
Nominal Value of disposal portfolio (million):	\$78 + €31	\$3
Net amount of pre-existing write-down/write-backs:	-	
Disposal Profit & Loss realised (million):	-	
Portfolio disposal price (million):	\$78 + €31	\$3
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit (€ million):	2	
Other Credit Enhancements (€ million):	-	
Other relevant information:	-	
Rating Agencies:	-	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005203937	IT0005203952
. Type of security	Senior <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. Call option	-	
. Expected duration (years)	5.0	5.0
. Rate	8.50%	2.67%
. Subordinated level	-	Sub A
. Nominal value issued (million)	€3	\$58
. Nominal value at the end of accounting period (million)	€1	\$58
. Security subscribers		
. ISIN	IT0005246712	IT0005246761
. Type of security	Mezzanine <sup>(*)</sup>	Junior <sup>(*)</sup>
. Class	B	C
. Rating	-	-
. Quotation	-	-
. Issue date	04.04.2017	04.04.2017
. Legal maturity	10.20.2030	10.20.2030
. Call option	-	
. Expected duration (years)	3.4	3.4
. Rate	3.43%	EUR6M(360) +1000pb
. Subordinated level	Sub A	Sub A,B
. Nominal value issued (million)	€0,3	€3
. Nominal value at the end of accounting period (million)	€0,3	€3
. Security subscribers		
. ISIN	IT0005204125	IT0005204133
. Type of security	Junior <sup>(*)</sup>	Junior <sup>(*)</sup>
. Class	C	C
. Rating	-	-
. Quotation	-	-
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. Call option	-	
. Expected duration (years)	5.0	5.0
. Rate	EUR6M(360) +1000pb	LIBOR6M(360) +1000pb
. Subordinated level	Sub A,B	Sub A,B
. Nominal value issued (million)	€25	\$21
. Nominal value at the end of accounting period (million)	€25	\$21
. Security subscribers		

Note:

(\*) The classification of the field "Type of security" refers to Banca d'Italia Circular No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

Pillarstone is a multioriginator securitisation, with claims transferred by UniCredit and other banks. For representation purposes, securities reported in the table are those issued in light of the portfolio transferred by UniCredit.

The "Closing date" is the date when the securitisation vehicle has issued the securities of the transaction.



## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

SECURITISATION NAME:	PILLARSTONE ITALY - RAINBOW	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.	
Arranger:	-	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans	
Quality of Asset:	Unlikely to pay	
Closing date:	12.10.2015	01.22.2019
Nominal Value of disposal portfolio (€ million):	74	17
Net amount of pre-existing write-down/write-backs (€ million):	-	-
Disposal Profit & Loss realised (€ million):	-	-
Portfolio disposal price (€ million):	74	17
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit (€ million):	4	2
Other Credit Enhancements:	-	
Other relevant information:	-	The new issue of securities, occurred on 22 January 2019, resulted in an increase of mezzanine notes for €2 million and junior notes for €15 million
Rating Agencies:	-	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005154833	IT0005155103
. Type of security	Senior <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	12.10.2015	12.10.2015 - 01.22.2019 (size increase)
. Legal maturity	10.20.2030	10.20.2030
. Call option	-	
. Expected duration (years)	5.0	5.0
. Rate	8.50%	EUR6M(360) + 144pb
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	1	19
. Nominal value at the end of accounting period (€ million)	1	19
. ISIN	IT0005155111	
. Type of security	Junior <sup>(*)</sup>	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	12.10.2015 - 01.22.2019 (size increase)	
. Legal maturity	10.20.2030	
. Call option	-	
. Expected duration (years)	5.0	
. Rate	EUR6M(360)+1000pb	
. Subordinated level	SUB A-B	
. Nominal value issued (€ million)	71	
. Nominal value at the end of accounting period (€ million)	71	

## Note:

(\*) The classification of the field "Type of security" refers to Banca d'Italia Circular No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

Pillarstone is a multioriginator securitisation, with claims transferred by UniCredit and other banks. For representation purposes, securities reported in the table are those issued in light of the portfolio transferred by UniCredit.

The "Closing date" is the date when the securitisation vehicle has issued the securities of the transaction.

## Annex 3 - Securitisations - qualitative tables

**ORIGINATOR: UniCredit S.p.A.**

### Traditional securitisations of non-performing loans

STRATEGIES, PROCESSES AND GOALS:	UniCredit S.p.A., through the transfer of its non-performing exposures to SPV pursuant to 130 Law on securitisation, has set itself the objective of reducing the stock of Non Performing Exposures of the Non Core perimeter, in line with the Group's strategy of a complete rundown of this perimeter.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The performance of securitisations is subject to continuous monitoring by the bank, with specific focus on the recovery performance and the evolution of the Gross Book Value (GBV) of the underlying portfolio and on the progressive repayment of the principal and payment of interest of the ABS securities issued by the SPV, based on the information provided by the servicer (also through specific periodic reports foreseen in the transaction documentation).
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The execution of the securitisation transactions of non performing exposures is approved by the Board or delegated internal committees. Credit reviews of the transactions are scheduled on an annual basis and discussed in specific committees with the participation of top management, during which updates are given on the progress of transactions as a whole.
HEDGING POLICIES:	None
OPERATING RESULTS:	Every six months, or more frequently, if necessary, information relating to the performance of securitisations (with specific focus on the evolution of the Gross Book Value of the transferred portfolio, the recovery performances and the redemption of ABS securities) is made available to the various functions of the bank for the performance of their respective roles on monitoring and representation in the financial statements.

## Annex 3 - Securitisations - qualitative tables

## New Transactions 2021

SECURITISATION NAME:		OLYMPIA	
Type of securitisation:		Traditional	
Originator:		UniCredit S.p.A.	
Issuer:		Olympia SPV S.r.l.	
Servicer:		Italfonditario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:		UniCredit Bank A.G.	
Target transaction:		UniCredit S.p.A. NPL stock reduction	
Type of asset:		Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:		Bad loans	
Closing date:		11.25.2021	
Nominal Value of reference portfolio (€ million):		2,136	
Net amount of preexisting write-down/write-backs (€ million):		312	
Disposal Profit & Loss realised (€ million) <sup>(1)</sup> :		-22	
Portfolio disposal price (€ million):		290	
Issued guarantees by the Bank:		-	
Issued guarantees by third parties:		On 24 December 2021 a request was submitted to the MEF and Consap for the issuing of the state guarantee on the senior notes (so-called GACS).	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		UniCredit Bank Ag has granted a credit facility of €26 million to the SPV, super-senior in the priority of payment.	
Other Credit Enhancements:		-	
Other relevant information:		UniCredit S.p.A. has initially underwritten the whole set of notes issued by the SPV. On 9 December 2021, 95% of junior and mezzanine notes was sold on the market.	
Rating Agencies:		Moody's Italia S.r.l., Scope Ratings GmbH and S&P Global Ratings Europe Limited	
Amount of CDS or other risk transferred (€ million):		-	
Amount and Condition of tranching:			
. ISIN		IT0005468365	IT0005468373
. Type of security		Senior	Mezzanine
. Class		A	B
. Rating		(Moody's) Baa2 - (Scope) BBB - (S&P)	-
. Quotation		-	-
. Issue date		11.25.2021	11.25.2021
. Legal maturity		07.01.2044	07.01.2044
. Call option		-	-
. Expected duration (years)		4.7	7.7
. Rate		6M Eur +1,50%	6M Eur +9,50%
. Subordination level		-	SUB A
. Nominal Value Issued (€ million)		261	26
. Nominal value at the end of accounting period (€ million)		261	26
. Security subscribers		UniCredit S.p.A.	Bayview Global Opportunities Fund S.C.S. SICAV-RAIF and CRC CF Lux Sarl (95%) - UniCredit S.p.A. (5%)
. ISIN		IT0005468381	
. Type of security		Junior	
. Class		J	
. Rating		-	
. Quotation		-	
. Issue date		11.25.2021	
. Legal maturity		07.01.2044	
. Call option		-	
. Expected duration (years)		8.2	
. Rate		variabile	
. Subordination level		SUB A-B	
. Nominal Value Issued (€ million)		3	
. Nominal value at the end of accounting period (€ million)		3	
. Security subscribers		Bayview Global Opportunities Fund S.C.S. SICAV-RAIF and CRC CF Lux Sarl (95%) - UniCredit S.p.A. (5%)	

## Annex 3 - Securitisations - qualitative tables

continued: from previous page

SECURITISATION NAME:	OLYMPIA	
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest	860	
Italy - Northeast	168	
Italy - Central	565	
Italy - South and Islands	539	
Other European Countries - E.U. countries	3	
Other European Countries - non-E.U. countries	1	
America	-	
Rest of the World	-	
<b>Total</b>	<b>2,136</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments	-	
Other public-sector entities	23	
Banks	-	
Financial Companies	1	
Insurance Companies	-	
Non-financial Companies	1,901	
Other entities	212	
<b>Total</b>	<b>2,136</b>	

Note:

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

## Transactions from previous years

SECURITISATION NAME:		PRISMA	
Type of securitisation:		Traditional	
Originator:		UniCredit S.p.A.	
Issuer:		Prisma SPV S.r.l.	
Servicer:		doValue S.p.A.	
Arranger:		UniCredit Bank A.G.	
Target transaction:		Decrease of exposure to non-performing residential mortgages (bad-loans)	
Type of asset:		Residential mortgages granted to retail customers	
Quality of Asset:		Bad loans	
Closing date:		10.18.2019	
Nominal Value of reference portfolio (€ million):		6,101	
Net amount of preexisting write-down/write-backs (€ million):		1,357	
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :		-37	
Portfolio disposal price (€ million):		1,320	
Issued guarantees by the Bank:		-	
Issued guarantees by third parties:		Government guarantee is effective on senior notes (i.e. GACS)	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		UniCredit Bank Ag has granted a credit facility of €66 million to the SPV, super-senior in the priority of payment.	
Other Credit Enhancements:		-	
Other relevant information:		UniCredit S.p.A. has originally underwritten the whole of notes issued by the SPV. On 12 November 2019, 95% of junior and mezzanine notes was sold on the market.	
Rating Agencies:		Moody's and Scope	
Amount of CDS or other risk transferred (€ million):		-	
Amount and Condition of tranching:			
. ISIN		IT0005387904	IT0005387912
. Type of security		Senior	Mezzanine
. Class		A	B
. Rating		(Moody's) Baa1 - (Scope) BBB+	(Moody's) B3 - (Scope) B-
. Quotation		-	-
. Issue date		10.18.2019	10.18.2019
. Legal maturity		November 2039	November 2039
. Call option		-	-
. Expected duration (years)		3.4	8.1
. Rate		6M Eur +1,50%	6M Eur +9%
. Subordination level		-	SUB A
. Nominal Value Issued (€ million)		1,210	80
. Nominal value at the end of accounting period (€ million)		824	80
. ISIN		IT0005387920	
. Type of security		Junior	
. Class		J	
. Rating		-	
. Quotation		-	
. Issue date		10.18.2019	
. Legal maturity		November 2039	
. Call option		-	
. Expected duration (years)		9.1	
. Rate		variable	
. Subordination level		SUB A-B	
. Nominal Value Issued (€ million)		30	
. Nominal value at the end of accounting period (€ million)		30	

## Note:

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	FINO 1	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A./Arena Npl ONE S.r.l.	
Issuer:	FINO 1 Securitisation S.r.l.	
Servicer:	Italfondario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans	
Closing date:	07.31.2017	
Nominal Value of disposal portfolio (€ million):	5,376	
Net amount of pre-existing write-down/write-backs (€ million):	890	
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :	-96	
Portfolio disposal price (€ million):	794	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Government guarantee is effective on senior notes (i.e. GACS)	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:		
Rating Agencies:	Moody's - DBRS	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005277311	IT0005277337
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	(Moody's) A2/BBB+ - (DBRS) A2/BBB+	(Moody's) Ba3/BB+ - (DBRS) Ba3/BB+
. Quotation	-	-
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	-	
. Expected duration (years)	2.2	4.1
. Rate	3M Eur + 1.5%	3M Eur + 4%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	650	30
. Nominal value at the end of accounting period (€ million)	141	30
. ISIN	IT0005277345	IT0005277352
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	(Moody's) B1/BB - (DBRS) B1/BB	-
. Quotation	-	-
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	-	
. Expected duration (years)	4.2	6.8
. Rate	3M Eur + 6%	12.00%
. Subordinated level	SUB A-B	SUB A-B-C
. Nominal value issued (€ million)	40	50
. Nominal value at the end of accounting period (€ million)	40	50

Note:

(\*) Amount gross of initial transaction's costs.



## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	FINO 2	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A./Arena Npl ONE S.r.l.	
Issuer:	FINO 2 Securitisation S.r.l.	
Servicer:	Italfondario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans	
Closing date:	07.31.2017	
Nominal Value of disposal portfolio (€ million):	7,841	
Net amount of pre-existing write-down/write-backs (€ million):	822	
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :	-181	
Portfolio disposal price (€ million):	640	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	-	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005277378	IT0005277394
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	-	-
. Expected duration (years)	1.6	3.6
. Rate	3M Eur + 2%	3M Eur + 6%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	400	125
. Nominal value at the end of accounting period (€ million)	212	125
. ISIN	IT0005277402	IT0005277410
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	-	-
. Quotation	-	-
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	-	-
. Expected duration (years)	4.3	6.2
. Rate	3M Eur + 8%	12.00%
. Subordinated level	SUB A-B	SUB A-B-C
. Nominal value issued (€ million)	76	40
. Nominal value at the end of accounting period (€ million)	76	40

## Note:

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	ONIF	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Onif Finance S.r.l.	
Servicer:	Zenith Service S.p.A. (Master Servicer) - Phoenix Asset Management S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to large enterprises	
Quality of Asset:	Bad loans	
Closing date:	07.26.2017	
Nominal Value of disposal portfolio (€ million):	2,994	
Net amount of pre-existing write-down/write-backs (€ million):	402	
Disposal Profit & Loss realised (€ million)(*):	-84	
Portfolio disposal price net of Lock Box Cash (€ million):	318	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	2	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	Cash reserve for €0,7 million	
Other relevant information:	-	
Rating Agencies:	-	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005277014	IT0005277022
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	07.26.2017	07.26.2017
. Legal maturity	October 2042	October 2042
. Call option	-	-
. Expected duration (years)	2.0	4.5
. Rate	2.00%	5.00%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	150	100
. Nominal value at the end of accounting period (€ million)	-	68
. ISIN	IT0005277030	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	07.26.2017	
. Legal maturity	October 2042	
. Call option	-	
. Expected duration (years)	6.7	
. Rate	10.00%	
. Subordinated level	SUB A-B	
. Nominal value issued (€ million)	80	
. Nominal value at the end of accounting period (€ million)	80	

Note:

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

**ORIGINATOR: UniCredit S.p.A.**

### Traditional securitisations of performing loans

STRATEGIES, PROCESSES AND GOALS:	The securitisations aim at facilitating the access to long term financing opportunities for the Italian small and medium enterprises ("SMEs"), through minibonds subscription by SMEs and purchase of it by SPV, in addition to the traditional bank credit lines, thus supporting the real economy and achieving a significant transfer risk on institutional qualified investors.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored on an ongoing basis by external third counterparty and is described in monthly and quarterly reports (required by the agreements) with a breakdown of loans by status and the trend of repayments. Moreover, compliant to the retention rule UniCredit S.p.A. maintained at least a 5% of minibonds issued by SMES, so is able to monitor directly performance of the portfolio.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The BoD approved a plafond for similar transactions and each new securitisation is submitted to the top management and internal of UniCredit S.p.A. deputed committees approval. The bank's annual/interim report contains details information on the specific ABS transactions achieved.
HEDGING POLICIES:	There is no swap on interest rates in force since the interest rates of the assets are matched with interest rates of the liabilities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations and approved at inception.

## Annex 3 - Securitisations - qualitative tables

## Transactions from previous years

SECURITISATION NAME:	BASKET BOND PUGLIA
Type of securitisation:	Traditional
Originator:	UniCredit S.p.A.
Issuer:	Garibaldi Tower Basket Bond s.r.l.
Service:	Banca Finint S.p.A.
Arranger:	UniCredit S.p.A./UniCredit Bank AG London Branch
Target transaction:	Funding to SMEs
Type of asset:	Minibonds
Quality of Asset:	Performing
Closing date:	06.18.2020
Nominal Value of reference portfolio (€ million):	82
Net amount of preexisting write-down/write-backs (€ million):	-
Disposal Profit & Loss realised (€ million)(*):	-
Portfolio disposal price (€ million):	82
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	21
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	-
Rating Agencies:	-
Amount of CDS or other risk transferred (€ million):	-
Amount and Condition of tranching:	
. ISIN	IT0005414120
. Type of security	Senior
. Class	A
. Rating	-
. Quotation	-
. Issue date	06.18.2020
. Legal maturity	06.17.2030
. Call option	-
. Expected duration (years)	4.3
. Rate	0.5% + Variable return
. Subordination level	-
. Nominal Value Issued (€ million)	82
. Nominal value at the end of accounting period (€ million)	82

## Note:

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

**ORIGINATOR: UniCredit S.p.A.**

### Synthetic securitisations of performing loans

STRATEGIES, PROCESSES AND GOALS:	The main purpose of structuring synthetic securitisations is the relief of Regulatory Capital.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each securitised portfolio is monitored by the Servicing Department on an ongoing basis and disclosed in the form of quarterly reports (Investor Report), providing a breakdown of the status of underlying loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	A first-level Committee approves each new transaction and any other related decisions and is informed about expected and actual performances of already existing transactions. The bank's annual report features information about all originated synthetic securitisations.
HEDGING POLICIES:	None
OPERATING RESULTS:	The performances of synthetic securitisations are monitored on a semi-annual basis with dedicated reports addressed to the competent first-level Committee.

## Annex 3 - Securitisations - qualitative tables

## New Transactions 2021

SECURITISATION NAME:	A.R.T.S. Re.Mo. 2021	
Type of securitisation:	Tranching Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Residential mortgages	
Quality of Asset:	Performing	
Closing date:	12.20.2021	
Nominal Value of disposal portfolio (€ million):	586	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Insurance policy to hedge the junior risk	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:	-	
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	12.20.2021	12.20.2021
. Legal maturity	12.20.2029	12.20.2029
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	539	47
. Reference Position at the end of accounting period (€ million)	534	47
. Risk holder	UniCredit S.p.A.	primary Insurance Company
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest		
Italy - Northeast		
Italy - Central		
Italy - South and Islands		
Other European Countries - E.U. countries		
Other European Countries - non-E.U. countries		
America		
Rest of the World		
<b>Total</b>		
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments		
Other public-sector entities		
Banks		
Financial Companies		
Insurance Companies		
Non-financial Companies		
Other entities		
<b>Total</b>		

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR) on prudential requirements for credit institutions and investment firms.



## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	A.R.T.S. MidCap 2021		
Type of securitisation:	Tranched Cover		
Originator:	UniCredit S.p.A.		
Issuer:	UniCredit S.p.A.		
Servicer:	UniCredit S.p.A.		
Arranger:	UniCredit Bank A.G.		
Target transaction:	Credit risk hedging		
Type of asset:	Loans to Small and Mid Corporates		
Quality of Asset:	Performing		
Closing date:	11.26.2021		
Nominal Value of disposal portfolio (€ million):	1,998		
Guarantees issued by the Bank:	-		
Guarantees issued by Third Parties:	Financial guarantee to hedge the mezzanine risk in the form of personal guarantee		
Bank Lines of Credit:	-		
Third Parties Lines of Credit:	-		
Other Credit Enhancements:	-		
Other relevant information:	-		
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		
Amount of CDS or other supersenior risk transferred (€ million):	-		
Amount and Condition of tranching:			
. ISIN	-	-	
. Type of security	Senior	Mezzanine	
. Class	A	B	
. Rating	-	-	
. Issue date	11.26.2021	11.26.2021	
. Legal maturity	12.31.2035	12.31.2035	
. Call option	Clean-up call, Regulatory call, SRT call, Time call		
. Expected duration (years)	-	-	
. Rate	-	-	
. Subordinated level	-	SUB A	
. Reference Position (€ million)	1,844	120	
. Reference Position at the end of accounting period (€ million)	1,648	107	
. Risk holder	UniCredit S.p.A.	Supranational Investor	
. ISIN	-		
. Type of security	Junior		
. Class	C		
. Rating	-		
. Issue date	11.26.2021		
. Legal maturity	12.31.2035		
. Call option	Clean-up call, regulatory call, SRT call, Time		
. Expected duration (years)	-		
. Rate	-		
. Subordinated level	SUB A-B		
. Reference Position (€ million)	34		
. Reference Position at the end of accounting period (€ million)	34		
. Risk holder	UniCredit S.p.A.		
<b>Distribution of securitised assets by area (€ million):</b>			
Italy - Northwest	705		
Italy - Northeast	780		
Italy - Central	306		
Italy - South and Islands	207		
Other European Countries - E.U. countries	-		
Other European Countries - non-E.U. countries	-		
America	-		
Rest of the World	-		
<b>Total</b>	<b>1,998</b>		
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>			
Governments	-		
Other public-sector entities	17		
Banks	-		
Financial Companies	-		
Insurance Companies	-		
Non-financial Companies	1,869		
Other entities	112		
<b>Total</b>	<b>1,998</b>		

**Note:**  
 (\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		Puglia Sviluppo 2021	
Type of securitisation:		Tranché Cover	
Originator:		UniCredit S.p.A.	
Issuer:		UniCredit S.p.A.	
Servicer:		UniCredit S.p.A.	
Arranger:		UniCredit S.p.A.	
Target transaction:		Credit risk hedging	
Type of asset:		Unsecured loans - maturity up to 72 months - to small and medium enterprises located in Apulia	
Quality of Asset:		Performing	
Closing date:		05.26.2021	
Nominal Value of disposal portfolio (€ million):		7	
Guarantees issued by the Bank:		-	
Guarantees issued by Third Parties:		Junior risk cash collateralised	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		-	
Other Credit Enhancements:		-	
Other relevant information:		-	
Rating Agencies:		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):		-	
Amount and Condition of tranching:			
. ISIN		-	-
. Type of security		Senior	Junior
. Class		A	B
. Rating		-	-
. Issue date		05.26.2021	05.26.2021
. Legal maturity		12.31.2031	12.31.2031
. Call option		-	-
. Expected duration (years)		-	-
. Rate		-	-
. Subordinated level		-	SUB A
. Reference Position (€ million)		5	2
. Reference Position at the end of accounting period (€ million)		2	2
. Risk holder		UniCredit S.p.A.	Puglia Sviluppo S.p.A.
<b>Distribution of securitised assets by area (€ million):</b>			
Italy - Northwest		-	
Italy - Northeast		-	
Italy - Central		-	
Italy - South and Islands		7	
Other European Countries - E.U. countries		-	
Other European Countries - non-E.U. countries		-	
America		-	
Rest of the World		-	
<b>Total</b>		<b>7</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>			
Governments		-	
Other public-sector entities		-	
Banks		-	
Financial Companies		-	
Insurance Companies		-	
Non-financial Companies		6	
Other entities		1	
<b>Total</b>		<b>7</b>	

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Bond Italia 8 Investimenti	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	12.16.2020	
Nominal Value of disposal portfolio (€ million):	76	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	12.16.2020	12.16.2020
. Legal maturity	07.31.2026	07.31.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	68	8
. Reference Position at the end of accounting period (€ million)	40	8
. Risk holder	UniCredit S.p.A.	Fondo di Garanzia per le Piccole e Medie Imprese
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest	24	
Italy - Northeast	32	
Italy - Central	15	
Italy - South and Islands	5	
Other European Countries - E.U. countries	-	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>76</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial Companies	64	
Other entities	12	
<b>Total</b>	<b>76</b>	

**Note:**  
 (\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		Bond Italia 8 Misto	
Type of securitisation:		Tranché Cover	
Originator:		UniCredit S.p.A.	
Issuer:		UniCredit S.p.A.	
Servicer:		UniCredit S.p.A.	
Arranger:		UniCredit S.p.A.	
Target transaction:		Credit risk hedging	
Type of asset:		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:		Performing	
Closing date:		12.16.2020	
Nominal Value of disposal portfolio (€ million):		238	
Guarantees issued by the Bank:		-	
Guarantees issued by Third Parties:		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		-	
Other Credit Enhancements:		-	
Other relevant information:		-	
Rating Agencies:		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):		-	
Amount and Condition of tranching:		-	
. ISIN		-	-
. Type of security		Senior	Junior
. Class		A	B
. Rating		-	-
. Issue date		12.16.2020	12.16.2020
. Legal maturity		07.31.2026	07.31.2026
. Call option		-	-
. Expected duration (years)		-	-
. Rate		-	-
. Subordinated level		-	SUB A
. Reference Position (€ million)		216	22
. Reference Position at the end of accounting period (€ million)		75	22
. Risk holder		UniCredit S.p.A.	Fondo di Garanzia per le Piccole e Medie Imprese
<b>Distribution of securitised assets by area (€ million):</b>			
Italy - Northwest		90	
Italy - Northeast		84	
Italy - Central		49	
Italy - South and Islands		15	
Other European Countries - E.U. countries		-	
Other European Countries - non-E.U. countries		-	
America		-	
Rest of the World		-	
<b>Total</b>		<b>238</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>			
Governments		-	
Other public-sector entities		-	
Banks		-	
Financial Companies		-	
Insurance Companies		-	
Non-financial Companies		219	
Other entities		19	
<b>Total</b>		<b>238</b>	

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

## Transactions from previous years

SECURITISATION NAME:	ArtgianCredito Toscano	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity up to 54 months - to small and medium enterprises mainly located in Tuscany	
Quality of Asset:	Performing	
Closing date:	07.14.2020	
Nominal Value of disposal portfolio (€ million):	21	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk partially cash collateralised	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	07.14.2020	07.14.2020
. Legal maturity	12.31.2028	12.31.2028
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	19	2
. Reference Position at the end of accounting period (€ million)	9	2

**Note:**  
 (\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Bond del Mezzogiorno 2 - SME Initiative	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity up to 60 months - to small and medium enterprises located in Southern Italy	
Quality of Asset:	Performing	
Closing date:	07.20.2020	
Nominal Value of disposal portfolio (€ million):	202	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	07.20.2020	07.20.2020
. Legal maturity	03.31.2026	03.31.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	177	25
. Reference Position at the end of accounting period (€ million)	51	25

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.



## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	EaSi MicroCredito 2	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity up to 60 months - to micro enterprises	
Quality of Asset:	Performing	
Closing date:	03.31.2020	
Nominal Value of disposal portfolio (€ million):	27	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	03.31.2020	03.31.2020
. Legal maturity	12.31.2027	12.31.2027
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	23	4
. Reference Position at the end of accounting period (€ million)	24	4

**Note:**  
 (\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Federascomfidi	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	03.13.2013	
Nominal Value of disposal portfolio (€ million):	69	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk partially cash collateralised; financial guarantee to partially hedge the mezzanine risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	-
. Rating	-	-
. Issue date	03.13.2013	03.13.2013
. Legal maturity	05.31.2030	03.25.2023
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	67	1
. Reference Position at the end of accounting period (€ million)	6	1
. ISIN	-	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Issue date	03.13.2013	
. Legal maturity	05.31.2030	
. Call option	-	
. Expected duration (years)	-	
. Rate	-	
. Subordinated level	SUB A-B	
. Reference Position (€ million)	1	
. Reference Position at the end of accounting period (€ million)	-	

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Federconfidi	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	02.25.2013	
Nominal Value of disposal portfolio (€ million):	67	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk partially cash collateralised; financial guarantee to partially hedge the mezzanine risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	-
. Rating	-	-
. Issue date	02.25.2013	02.25.2013
. Legal maturity	01.31.2030	03.25.2023
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	64	1
. Reference Position at the end of accounting period (€ million)	8	1
. ISIN	-	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Issue date	02.25.2013	
. Legal maturity	01.31.2030	
. Call option	-	
. Expected duration (years)	-	
. Rate	-	
. Subordinated level	SUB A-B	
. Reference Position (€ million)	2	
. Reference Position at the end of accounting period (€ million)	1	

**Note:**  
 (\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	TC EaSI Micro Credito	
Type of securitisation:	Tranches Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 6 and 55 months - to micro enterprises	
Quality of Asset:	Performing	
Closing date:	11.25.2019	
Nominal Value of disposal portfolio (€ million):	27	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	11.25.2019	11.25.2019
. Legal maturity	12.10.2025	12.10.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	24	3
. Reference Position at the end of accounting period (€ million)	10	3

**Note:**

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Bond Italia 7	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	11.21.2019	
Nominal Value of disposal portfolio (€ million):	273	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	11.21.2019	11.21.2019
. Legal maturity	11.30.2024	11.30.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	252	21
. Reference Position at the end of accounting period (€ million)	84	20

**Note:**  
 (\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Bond Italia 6 Investimenti	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	11.21.2019	
Nominal Value of disposal portfolio (€ million):	88	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	11.21.2019	11.21.2019
. Legal maturity	05.31.2026	05.31.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	79	9
. Reference Position at the end of accounting period (€ million)	39	8

**Note:**

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.



## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Bond Italia 6 Misto	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 30 and 72 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	12.18.2018	
Nominal Value of disposal portfolio (€ million):	210	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit (€ million):	-	
Other Credit Enhancements (€ million):	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	12.18.2018	12.18.2018
. Legal maturity	12.31.2024	12.31.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	192	18
. Reference Position at the end of accounting period (€ million)	42	18

**Note:**  
 (\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

<b>SECURITISATION NAME:</b>	<b>Bond Italia 5-bis</b>	
Type of securitisation:	Tranché Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Southern Italy	
Quality of Asset:	Performing	
Closing date:	10.19.2018	
Nominal Value of disposal portfolio (€ million):	34	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	10.19.2018	10.19.2018
. Legal maturity	08.31.2025	31.08.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	32	2
. Reference Position at the end of accounting period (€ million)	10	2

**Note:**

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Bond del Mezzogiorno 1	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Southern Italy	
Quality of Asset:	Performing	
Closing date:	09.19.2018	
Nominal Value of disposal portfolio (€ million):	92	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	09.19.2018	09.19.2018
. Legal maturity	02.28.2025	02.28.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	81	11
. Reference Position at the end of accounting period (€ million)	10	11

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		Agribond 2	
Type of securitisation:		Tranches Cover	
Originator:		UniCredit S.p.A.	
Issuer:		UniCredit S.p.A.	
Servicer:		UniCredit S.p.A.	
Arranger:		UniCredit S.p.A.	
Target transaction:		Credit risk hedging	
Type of asset:		Unsecured loans - maturity 72 months - to small and medium enterprises pertaining to the agriculture sector	
Quality of Asset:		Performing	
Closing date:		09.05.2018	
Nominal Value of disposal portfolio (€ million):		166	
Guarantees issued by the Bank:		-	
Guarantees issued by Third Parties:		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		-	
Other Credit Enhancements:		-	
Other relevant information:		-	
Rating Agencies:		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):		-	
Amount and Condition of tranching:			
. ISIN		-	-
. Type of security		Senior	Junior
. Class		A	B
. Rating		-	-
. Issue date		09.05.2018	09.05.2018
. Legal maturity		12.31.2026	12.31.2026
. Call option		Clean-up call	
. Expected duration (years)		-	-
. Rate		-	-
. Subordinated level		-	SUB A
. Reference Position (€ million)		154	12
. Reference Position at the end of accounting period (€ million)		65	12

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Puglia Sviluppo 1	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Apulia	
Quality of Asset:	Performing	
Closing date:	03.31.2017	
Nominal Value of disposal portfolio (€ million):	21	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk partially cash collateralised	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	03.31.2017	03.31.2017
. Legal maturity	12.31.2025	12.31.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	19	2
. Reference Position at the end of accounting period (€ million)	-	1

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		SME Initiative 2017	
Type of securitisation:		Tranches Cover	
Originator:		UniCredit S.p.A.	
Issuer:		UniCredit S.p.A.	
Servicer:		UniCredit S.p.A.	
Arranger:		UniCredit S.p.A.	
Target transaction:		Credit risk hedging	
Type of asset:		Pool of UniCredit's SME loans, concentrated in South of Italy for at least 50%	
Quality of Asset:		Performing	
Closing date:		12.22.2017	
Nominal Value of reference portfolio (€ million):		460	
Issued guarantees by the Bank:			
Issued guarantees by third parties:		Financial guarantee to hedge the mezzanine and junior risk in the form of personal guarantee	
Bank Lines of Credit:			
Third Parties Lines of Credit:			
Other Credit Enhancements:			
Other relevant information:			
Rating Agencies:		No rating agency, use of Supervisory SEC-SA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:			
. ISIN		-	-
. Type of security		Senior	Upper Mezzanine
. Class		A	B1
. Rating		-	-
. Issue date		12.22.2017	12.22.2017
. Legal maturity		12.31.2030	12.31.2030
. Call option		Clean-up call, regulatory call, Time call	
. Expected duration		-	-
. Rate		-	-
. Subordinated level		-	SUB A
. Reference Position (€ million)		395	2
. Reference Position at the end of accounting period (€ million)		22	2
. ISIN		-	-
. Type of security		Middle Mezzanine	Lower Mezzanine
. Class		B2	B3
. Rating		-	-
. Issue date		12.22.2017	12.22.2017
. Legal maturity		12.31.2030	12.31.2030
. Call option		Clean-up call, Regulatory call, Time call	
. Expected duration		-	-
. Rate		-	-
. Subordinated level		SUB A-B1	SUB A-B1-B2
. Reference Position (€ million)		1	12
. Reference Position at the end of accounting period (€ million)		1	12
. ISIN		-	-
. Type of security		Second Loss	Junior
. Class		C	D
. Rating		-	-
. Issue date		12.22.2017	12.22.2017
. Legal maturity		12.31.2030	12.31.2030
. Call option		Clean-up call, regulatory call, Time call	
. Expected duration		-	-
. Rate		-	-
. Subordinated level		SUB A-B1-B2-B3	SUB A-B1-B2-B3-C
. Reference Position (€ million)		14	36
. Reference Position at the end of accounting period (€ million)		14	36

## Note:

(\*) Synthetic securitisations carried out using the SEC-SA approach as required by Art.261 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.



## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	Finpiemonte 2016		FILSEC 2016	
Type of securitisation:	Tranché Cover		Tranché Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Piemonte		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Liguria	
Quality of Asset:	Performing		Performing	
Closing date:	10.31.2017		10.31.2017	
Nominal Value of reference portfolio (€ million):	58		28	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Junior risk partially cash collateralised		Junior risk partially cash collateralised	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	10.31.2017	10.31.2017	06.16.2017	06.16.2017
. Legal maturity	12.31.2023	12.31.2023	07.31.2023	07.31.2023
. Call option	-	-	-	-
. Expected duration	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	51	7	24	4
. Reference Position at the end of accounting period (€ million)	-	5	-	2

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	BOND ITALIA 5 INV		BOND ITALIA 5 MIX	
Type of securitisation:	Tranché Cover		Tranché Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	06.16.2017		06.16.2017	
Nominal Value of reference portfolio (€ million):	72		297	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	06.16.2017	06.16.2017	06.16.2017	06.16.2017
. Legal maturity	06.30.2023	06.30.2023	12.31.2025	12.31.2025
. Call option	-	-	-	-
. Expected duration	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	67	5	278	19
. Reference Position at the end of accounting period (€ million)	10	4	6	15

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	BOND ITALIA4 MISTO		ARTS MIDCAP5	
Type of securitisation:	Tranché Cover		Tranché Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit Bank A.G.		UniCredit Bank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 18 and 60 months - to small and medium enterprises		Loans to Mid - Corporates	
Quality of Asset:	Performing		Performing	
Closing date:	12.07.2016		12.02.2016	
Nominal Value of reference portfolio (€ million):	300		2,463	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Junior risk cash collateralised	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	12.07.2016	12.07.2016	12.02.2016	12.02.2016
. Legal maturity	06.30.2023	06.30.2023	12.31.2046	12.31.2046
. Call option	-	-	Clean-up call, Regulatory Call, Time call	
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	281	19	2,340	123
. Reference Position at the end of accounting period (€ million)	-	12	493	108

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	ARTS MIDCAP4		AGRIBOND	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit Bank A.G.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Loans to Small and Mid Corporates		Unsecured loans - maturity 72 months - to small and medium enterprises pertaining to the agriculture sector	
Quality of Asset:	Performing		Performing	
Closing date:	06.21.2016		06.30.2015	
Nominal Value of reference portfolio (€ million):	2,259		172	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Junior risk cash collateralised		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	06.21.2016	06.21.2016	06.30.2015	06.30.2015
. Legal maturity	01.31.2036	01.31.2036	12.31.2022	12.31.2022
. Call option	Clean-up call, Regulatory Call, Time call		Clean-up call	
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	2,146	113	161	11
. Reference Position at the end of accounting period (€ million)	443	92	1	10

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	BOND ITALIA 3 INVESTIMENTI		BOND ITALIA3 MISTO	
Type of securitisation:	Tranché Cover		Tranché Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit Bank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	05.14.2016		05.14.2016	
Nominal Value of reference portfolio (€ million):	99		166	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	05.14.2016	05.14.2016	05.14.2016	05.14.2016
. Legal maturity	02.28.2026	02.28.2026	11.30.2022	11.30.2022
. Call option	-	-	-	-
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	92	7	156	10
. Reference Position at the end of accounting period (€ million)	-	5	-	1

**Note:**

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	BOND ITALIA4 INVESTIMENTI		BOND ITALIA1 MISTO	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	12.07.2016		06.30.2015	
Nominal Value of reference portfolio (€ million):	100		296	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	12.07.2016	12.07.2016	06.30.2015	06.30.2015
. Legal maturity	06.30.2024	06.30.2024	02.28.2023	02.28.2023
. Call option	-	-	-	-
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	92	8	277	19
. Reference Position at the end of accounting period (€ million)	16	6	-	2

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.



## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	BOND ITALIA2 MISTO		BOND ITALIA2 INVESTIMENTI	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises		Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	12.31.2015		12.31.2015	
Nominal Value of reference portfolio (€ million):	300		100	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	12.31.2015	12.31.2015	12.31.2015	12.31.2015
. Legal maturity	02.28.2022	02.28.2022	02.28.2023	02.28.2023
. Call option	-	-	-	-
. Expected duration	-	-	-	-
. Rate	-	-	-	-
Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	281	19	92	8
. Reference Position at the end of accounting period (€ million)	-	1	-	4

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		ARTS MIDCAP3	
Type of securitisation:		Tranching Cover	
Originator:		UniCredit S.p.A.	
Issuer:		UniCredit S.p.A.	
Servicer:		UniCredit S.p.A.	
Arranger:		UniCredit Bank A.G.	
Target transaction:		Credit risk hedging	
Type of asset:		Loans to Mid - Corporates	
Quality of Asset:		Performing	
Closing date:		11.21.2015	
Nominal Value of reference portfolio (€ million):		4,367	
Issued guarantees by the Bank:		-	
Issued guarantees by third parties:		Junior risk cash collateralised; financial guarantee to hedge the mezzanine risk in the form of personal guarantee	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		-	
Other Credit Enhancements:		-	
Other relevant information:		-	
Rating Agencies:		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:			
. ISIN		-	-
. Type of security		Senior	Mezzanine
. Class		A	B
. Rating		-	-
. Issue date		11.21.2015	11.21.2015
. Legal maturity		12.31.2030	12.31.2030
. Call option		Clean-up call, Regulatory call	
. Expected duration		-	-
. Rate		-	-
. Subordinated level		-	SUB A
. Reference Position (€ million)		4,105	44
. Reference Position at the end of accounting period (€ million)		297	44
. ISIN		-	
. Type of security		Junior	
. Class		C	
. Rating		-	
. Issue date		11.21.2015	
. Legal maturity		12.31.2030	
. Call option		Clean-up call, regulatory call	
. Expected duration		-	
. Rate		-	
. Subordinated level		SUB A-B	
. Reference Position (€ million)		218	
. Reference Position at the end of accounting period (€ million)		185	

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	BOND ITALIA1 INVESTIMENTI	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	06.30.2015	
Nominal Value of reference portfolio (€ million):	94	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	06.30.2015	06.30.2015
. Legal maturity	02.28.2025	02.28.2025
. Call option	-	
. Expected duration	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	87	7
. Reference Position at the end of accounting period (€ million)	-	4

## Note:

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

## Annex 3 - Securitisations - qualitative tables

**ORIGINATOR: UniCredit Leasing S.p.A.**

STRATEGIES, PROCESSES AND GOALS:	UniCredit Leasing S.p.A., through the transfer of its credit exposures to an SPV pursuant to 130 Law on securitisation, has set itself the objective of reducing the stock of Non Performing Exposures of the Non Core perimeter, in line with the Group's strategy of a complete rundown of this perimeter.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The performance of securitisations is subject to continuous monitoring by the company, with specific focus on the recovery performance and the evolution of the Gross Book Value (GBV) of the underlying portfolio and on the progressive repayment of the principal and payment of interest of the ABS securities issued by the SPV, based on the information provided by the servicer (also through specific periodic reports foreseen in the transaction documentation).
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The execution of the securitisation transactions of non performing exposures is approved by the Board, based on the prior positive opinion of the proper committees within the company. Credit reviews of the transactions are scheduled on an annual basis and discussed in specific committees with the participation of top management, during which updates are given on the progress of transactions as a whole.
HEDGING POLICIES:	None
OPERATING RESULTS:	Every six months, or more frequently, if necessary, information relating to the performance of securitisations (with specific focus on the evolution of the Gross Book Value of the transferred portfolio, the recovery performances and the redemption of ABS securities) is made available to the various company functions for the performance of their respective roles on monitoring and representation in the financial statements.

## Annex 3 - Securitisations - qualitative tables

## Transactions from previous years

SECURITISATION NAME:		RELAIS 2020	
Type of securitisation:		Traditional	
Originator:		UniCredit Leasing S.p.A.	
Issuer:		Relais Spv S.r.l.	
Servicer:		Do Value S.p.A.	
Arranger:		UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:		Run down of non core portfolio	
Type of asset:		Mainly real estate contracts	
Quality of Asset:		Bad exposures	
Closing date:		12.01.2020	
Nominal Value of reference portfolio (€ million):		1,533	
Net amount of preexisting write-down/write-backs (€ million):		574	
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :		-7	
Portfolio disposal price (€ million):		567	
Issued guarantees by the Bank:		-	
Issued guarantees by third parties:		-	
Bank Lines of Credit:		€51.85 millions - grant by UniCredit Bank AG	
Third Parties Lines of Credit:		-	
Other Credit Enhancements:		-	
Other relevant information:		UniCredit Leasing S.p.A. has originally underwritten the whole of notes issued by Relais Spv. Subsequently 95% of junior and mezzanine notes was sold to Do Value S.p.A.	
Rating Agencies:		Moody's/Scope	
Amount of CDS or other risk transferred (€ million):		-	
Amount and Condition of tranching:			
. ISIN		IT0005429128	IT0005429144
. Type of security		Senior	Mezzanine
. Class		A	B
. Rating		Baa2/Baa2	-
. Quotation		-	-
. Issue date		12.11.2020	12.11.2020
. Legal maturity		07.31.2040	07.31.2040
. Call option		-	
. Expected duration (years)		3.0	6.4
. Rate		Euribor 6M + Spread 1.50%	Euribor 6M + Spread 9.50%
. Subordination level		-	sub A
. Nominal Value Issued (€ million)		466	91
. Nominal value at the end of accounting period (€ million)		428	91
. ISIN		IT0005429151	
. Type of security		Junior	
. Class		J	
. Rating		-	
. Quotation		-	
. Issue date		12.11.2020	
. Legal maturity		07.31.2040	
. Call option		-	
. Expected duration (years)		7.4	
. Rate		variable	
. Subordination level		sub B	
. Nominal Value Issued (€ million)		10	
. Nominal value at the end of accounting period (€ million)		10	

## Note:

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

**ORIGINATOR: UniCredit Bank AG**

STRATEGIES, PROCESSES AND GOALS:	The main reason for the Bank's securitisation programs is the Capital relief and Funding for True Sale Transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored by the servicing department on an ongoing basis and it is illustrated in the form of quarterly report (investor report), which provides a breakdown of the status of loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The BoD approves each new transaction and any other related decision and they are informed on the expected performances and on those in the final balance. The bank's annual report contains information on the bank's own ABS transactions.
HEDGING POLICIES:	For true sale transactions the issuer hedged portfolio's interest rate risks through Interest Rate Swaps.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio ensured punctual and full payment to security holders and other parties to the transaction.



## Annex 3 - Securitisations - qualitative tables

## Transactions from previous years

SECURITISATION NAME:	ROSENKAVALIER 2020	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2020 UG	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Consumer Loans	
Quality of Asset:	Performing	
Closing date:	09.30.2020	
Nominal Value of reference portfolio (€ million):	800	
Net amount of preexisting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million) <sup>(1)</sup> :	-	
Portfolio disposal price (€ million):	800	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	DE000A289ES3	DE000A289ET1
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aa1/A	-
. Quotation	Munich	Munich
. Issue date	09.30.2020	09.30.2020
. Legal maturity	09.30.2035	09.30.2035
. Call option	Any Payment Date	
. Expected duration (years)	09.30.2035	09.30.2035
. Rate	Fixed Coupon 0.2%	Fixed Coupon 1.25%
. Subordination level	-	sub A
. Nominal Value Issued (€ million)	632	168
. Nominal value at the end of accounting period (€ million)	632	168

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		ROSENKAVALIER 2015	
Type of securitisation:		Traditional	
Originator:		UniCredit Bank AG	
Issuer:		Rosenkavalier 2015 UG	
Servicer:		UniCredit Bank AG	
Arranger:		UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:		Liquidity	
Type of asset:		Large Corporate and SME corporate loans	
Quality of Asset:		Performing	
Closing date:		12.18.2015 (restructured on 11.30.2021)	
Nominal Value of disposal portfolio (€ million):		3,800	
Net amount of preexisting write-down/write-backs (€ million):		-	
Disposal Profit & Loss realised (€ million):		-	
Portfolio disposal price (€ million):		3,800	
Guarantees issued by the Bank:		-	
Guarantees issued by Third Parties:		-	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		-	
Other Credit Enhancements:		-	
Other relevant information:		Transaction executed to create ECB collateral	
Rating Agencies:		Moody's/DBRS	
Amount of CDS or other supersenior risk transferred (€ million):		-	
Amount and Condition of tranching:			
. ISIN		DE000A1687E2	DE000A1687F9
. Type of security		Senior	Junior
. Class		A	B
. Rating		Aa2/A	-
. Quotation		Munich	Munich
. Issue date		12.18.2015	12.18.2015
. Legal maturity		08.31.2045	08.31.2045
. Call option		Any payment date	
. Rate		Fixed Coupon 0.35%	Fixed Coupon 3.25%
. Subordinated level		-	sub A
. Nominal value issued (€ million)		2,375	1,425
. Nominal value at the end of accounting period (€ million)		2,375	1,425

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:		GELDILUX-TS-2015	
Type of securitisation:		Traditional	
Originator:		UniCredit Bank AG	
Issuer:		Geldilux-TS-2015 S.A. (Luxembourg)	
Servicer:		UniCredit Bank AG	
Arranger:		UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:		Liquidity	
Type of asset:		SME corporate loans	
Quality of Asset:		Performing	
Closing date:		07.29.2015	
Nominal Value of disposal portfolio at the end of the accounting period (€ million):		2,140	
Net amount of preexisting write-down/write-backs (€ million):		-	
Disposal Profit & Loss realised (€ million):		-	
Portfolio disposal price (€ million):		2,140	
Guarantees issued by the Bank:		-	
Guarantees issued by Third Parties:		-	
Bank Lines of Credit:		-	
Third Parties Lines of Credit:		-	
Other Credit Enhancements:		-	
Other relevant information:		Transaction executed to create ECB collateral, True Sale - Revolving	
Rating Agencies:		Moody's/DBRS	
Amount of CDS or other supersenior risk transferred (€ million):		-	
Amount and Condition of tranching:			
. ISIN		XS1261539610	XS1261577628
. Type of security		Senior	Junior
. Class		A	D
. Rating		Aaa/A	-
. Quotation		Luxembourg	Luxembourg
. Issue date		07.29.2015	07.29.2015
. Legal maturity		07.08.2022	07.08.2022
. Call option		Clean-up call	
. Rate		EUR1M (floored to zero) + 50bps	EUR1M (floored to zero) + 300bps
. Subordinated level		Waterfall Position 1	SUB A
. Nominal value issued (€ million)		1,830	310
. Nominal value at the end of accounting period (€ million)		1,830	310

## Annex 3 - Securitisations - qualitative tables

SECURITISATION NAME:	ROSENKAVALIER 2008	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2008 GmbH	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Mortgage loans	
Quality of Asset:	Performing	
Closing date:	12.12.2008	
Nominal Value of disposal portfolio at the end of the accounting period (€ million):	3,140	
Net amount of preexisting write-down/write-backs:	11,946	
Disposal Profit & Loss realized :	-	
Portfolio disposal price:	11,946	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	FITCH/Moody's	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	DE000A0AEDB2	DE000A0AEDC0
. Type of security	Senior	Junior
. Class	A	B
. Rating	A+/A2	-
. Quotation	Munich	Munich
. Issue date	12.12.2008	12.12.2008
. Legal maturity	10.31.2058	10.31.2058
. Call option	Any Payment Date	
. Expected duration	10.31.2058	10.31.2058
. Rate	Fixed Coupon 0.55%	Fixed Coupon 3.5%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	9,653	2,294
. Nominal value at the end of accounting period (€ million)	2,624	576

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit Leasing (Austria) GmbH

Transactions from previous periods

SECURITISATION NAME:	SUCCESS 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing (Austria) GMBH	
Issuer:	Success 2015 B.V.	
Servicer:	UniCredit Leasing (Austria) GMBH	
Arranger:	UniCredit Bank AG	
Target transaction:	Funding	
Type of asset:	Leasing Assets (Vehicles and Equipments)	
Quality of Asset:	Performing	
Closing date:	11.09.2015	
Nominal Value of disposal portfolio (€ million):	325	
Net amount of preextinting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million):	-	
Portfolio disposal price (€ million):	325	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	Subordinated Loan €4.6 million	
Other relevant information:	-	
Rating Agencies:	Fitch & DBRS	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	XS1317727698	XS1317727938
. Type of security	Senior	Junior
. Class	A	B
. Rating	AAA	-
. Quotation	Listed Luxembourg Stock Exchange	-
. Issue date	11.09.2015	11.09.2015
. Legal maturity	10.31.2029	10.31.2029
. Call option	10% clean up call	
. Expected duration (years)	6	6
. Rate	EUR3M + 0.47%	EUR3M + 2%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	231	94
. Nominal value at the end of accounting period (€ million)	-	37

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit Bulbank AD

*Transactions from previous periods*

SECURITISATION NAME:	EIF JEREMIE	
Type of securitisation:	Synthetic - First loss Portfolio Guarantees	
Originator:	UniCredit Bulbank AD	
Issuer:	European Investment Fund (EIF)	
Servicer:	UniCredit Bulbank AD	
Arranger:	UniCredit Bulbank AD	
Target transaction:	Risk transfer and capital relief	
Type of asset:	Highly diversified and granular pool of UniCredit Bulbank's SME loans	
Quality of Asset:	Performing	
Closing date:	08.15.2011	
Nominal Value of reference portfolio (€ million):	1	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	First loss cash collateral EIF	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	- The agreed portfolio maximum volume is equal to €85 million. - The guarantee covers 80% of each outstanding loan up to a total amount equal to 25% of the portfolio volume	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Reference Position at the end of accounting period (€ million)	-	1

**Note:**

(\*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.



## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

**ORIGINATOR: UniCredit S.p.A.**

**Transactions from previous years and year 2021**

GOALS - STRATEGIES - PROCESSES:	UniCredit S.p.A., by selling its loans to the fund, aims to facilitate companies classified as "unlikely to pay" to improve their strategic positioning in their relevant industrial sector.
ROLE:	Once the loans have been sold to the fund and UniCredit S.p.A. become a holder of Fund's units, the bank no longer has a role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit S.p.A. has all the risks arising from the performance of the fund's units and therefore from the management of the assets performed by the asset manager FININT and by the Advisor Italfondario.
MONITORING SYSTEMS:	UniCredit S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

NAME OF THE TRANSACTION	EFESTO		
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund		
Originator:	UniCredit S.p.A.		
Investment Fund underwritten:	EFESTO		
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sized companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Italfondario.		
Type of asset:	Corporate loans	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	10.27.2020	03.27.2021	12.09.2021
Nominal Value of reference portfolio (million):	188	25	6
Net amount of preexisting write-down/write-backs (€ million):	92	6	4
Disposal Profit & Loss realised (€ million):	(1)	3	-
Portfolio disposal price (million):	91	9	4
Issued guarantees by the Bank:	-	-	-
Issued guarantees by third parties:	-	-	-
Bank Lines of Credit:	-	-	-
Third Parties Lines of Credit:	-	-	-
Other Credit Enhancements:	-	-	-
Other relevant information:	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.
Units of Investment Fund underwritten			
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005419509	IT0005419509	IT0005419509
. No. of units at the subscription	90,561,794	9,305,715	4,962,649
. Book Value at the subscription (million)	91	9	4
. No. of units at the end of accounting period	90,561,794	9,305,715	4,962,649
. Book value at the end of accounting period (million)	82	8	5

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

NAME OF THE TRANSACTION	RSCT			
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund			
Originator:	UniCredit S.p.A.			
Investment Fund underwritten:	RSCT			
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sized companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Pillarstone.			
Type of asset:	Corporate loans	Corporate loans	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	05.13.2020	06.09.2020	01.21.2021	06.29.2021
Nominal Value of reference portfolio (million):	110	105	12	1
Net amount of preexisting write-down/write-backs (€ million):	49	2	5	-
Disposal Profit & Loss realised (€ million):	-3	13	-	-
Portfolio disposal price (million):	47	15	5	-
Issued guarantees by the Bank:	-	-	-	-
Issued guarantees by third parties:	-	-	-	-
Bank Lines of Credit:	-	-	-	-
Third Parties Lines of Credit:	-	-	-	-
Other Credit Enhancements:	-	-	-	-
Other relevant information:	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.
Units of Investment Fund underwritten				
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005407975	IT0005407975	IT0005407975	IT0005407975
. No. of units at the subscription	46,870,925	14,500,000	4,992,704	181,268
. Book Value at the subscription (million)	47	15	5	-
. No. of units at the end of accounting period	46,870,925	14,500,000	4,992,704	181,268
. Book value at the end of accounting period (million)	46	14	5	-

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

NAME OF THE TRANSACTION	DEA CAPITAL CORPORATE CREDIT RECOVERY II				
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund				
Originator:	UniCredit S.p.A.				
Investment Fund underwritten:	Dea Capital Corporate Credit Recovery II				
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sized companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Dea Capital.				
Type of asset:	Corporate loans	Corporate loans	Corporate loans	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	01.31.2018	12.19.2019	08.07.2020	03.23.2021	04.12.2021
Nominal Value of reference portfolio (€ million):	88	66	66	30	7
Net amount of preexisting writedown/writebacks (€ million):	49	22	22	20	2
Disposal Profit & Loss realised (€ million):	6	11	11	-	3
Portfolio disposal price (€ million):	55	33	27	20	5
Issued guarantees by the Bank:	-	-	-	-	-
Issued guarantees by third parties:	-	-	-	-	-
Bank Lines of Credit:	-	-	-	-	-
Third Parties Lines of Credit:	-	-	-	-	-
Other Credit Enhancements:	-	-	-	-	-
Other relevant information:	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.
Units of Investment Fund underwritten					
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005276057	IT0005276057	IT0005276057	IT0005276057	IT0005276057
. N° of units at the subscription	1,122.221	815.752	815.752	574.669	155.021
. Book Value at the subscription (€ million)	55	33	27	20	5
. N° of units at the end of accounting period	1,122.221	815.752	698.786	574.669	155.021
. Book value at the end of accounting period (€ million)	32	23	20	17	4

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

### Transactions from previous years

NAME OF THE TRANSACTION	DEA CAPITAL CORPORATE CREDIT RECOVERY I	
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund	
Originator:	UniCredit S.p.A.	
Investment Fund underwritten:	Dea Capital Corporate Credit Recovery I	
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sized companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Dea Capital.	
Type of asset:	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay
Closing date:	05.31.2016	07.04.2019
Nominal Value of reference portfolio (€ million):	90	4
Net amount of preexisting writedown/writebacks (€ million):	52	2
Disposal Profit & Loss realised (€ million):	23	2
Portfolio disposal price (€ million):	76	4
Issued guarantees by the Bank:	-	-
Issued guarantees by third parties:	-	-
Bank Lines of Credit:	-	-
Third Parties Lines of Credit:	-	-
Other Credit Enhancements:	-	-
Other relevant information:	The assets sold have been derecognised from the balance sheet. The disposal price also includes the portion of equity instruments transferred (18%).	The assets sold have been derecognised from the balance sheet.
Units of Investment Fund underwritten		
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005126062	IT0005126062
. N° of units at the subscription	1,593.698	144.672
. Book Value at the subscription (€ million)	76	4
. N° of units at the end of accounting period	1,593.698	144.672
. Book value at the end of accounting period (€ million)	29	3

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

ORIGINATOR: UniCredit S.p.A.

### Transactions from previous years

GOALS - STRATEGIES - PROCESSES:	UniCredit S.p.A., through the sale of debtors related to the shipping sector, aims to facilitate companies classified as "unlikely to pay" to improve their strategic positioning in their industrial sector.
ROLE:	Once the loans have been sold to the fund and UniCredit S.p.A. become a holder of Fund's units, the bank no longer has a role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit S.p.A. has all the risks arising from the performance of the fund's units and therefore from the management of the assets performed by DAVY and by the Advisor Pillarstone.
MONITORING SYSTEMS:	UniCredit S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

NAME OF THE TRANSACTION	F.I.NAV			
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund			
Originator:	UniCredit S.p.A.			
Investment Fund underwritten:	F.I.NAV			
Target transaction:	The objective of the transaction is to optimize access to the capital market for debtors sold by UniCredit to the fund, leveraging on an industrial and strategic partner such as FINAV and on the sector expertise of Pillarstone and the Private Equity Fund KKR.			
Type of asset:	Shipping loans	Shipping loans	Shipping loans	Shipping loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	02.19.2019	07.11.2019	08.02.2019	02.18.2020
Nominal Value of reference portfolio (million):	183\$ ; 3€	15\$, 6€	36€	42\$
Net amount of preexisting writedown/writebacks (€ million):	114	8	12	31
Disposal Profit & Loss realised (€ million):	(1)	7	1	3
Portfolio disposal price (million):	131\$	17\$	14\$	38\$
Issued guarantees by the Bank:	-	-	-	-
Issued guarantees by third parties:	-	-	-	-
Bank Lines of Credit:	-	-	-	-
Third Parties Lines of Credit:	-	-	-	-
Other Credit Enhancements:	-	-	-	-
Other relevant information:	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.	The assets sold have been derecognised from the balance sheet.
Units of Investment Fund underwritten				
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005359754	IT0005359754	IT0005359754	IT0005359754
. N° of units at the subscription	130,932,648	17,367,908	14,150,677	38,277,000
. Book Value at the subscription (million)	131\$	17\$	14\$	38\$
. N° of units at the end of accounting period	130,932,648	17,367,908	14,150,677	38,277,623
. Book value at the end of accounting period (million)	102	14	11	30

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

**ORIGINATOR: UniCredit Leasing S.p.A.**

### Transactions from previous years

GOALS - STRATEGIES - PROCESSES:	UniCredit Leasing S.p.A., through the sale of debtors to the fund, aims to reduce the stock of non-performing exposures of the Non Core perimeter, consistently with the Group's strategy of full rundown of this perimeter.
ROLE:	UniCredit Leasing S.p.A., once the loans have been sold to the fund and UniCredit Leasing S.p.A. become a holder of Fund's units, has no longer a role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit Leasing S.p.A. has all the risks arising from the units of the fund managed by Prelios SGR and therefore from the performances of the Asset Manager and the advisor AMCO and Prelios S.p.A.
MONITORING SYSTEMS:	UniCredit Leasing S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

NAME OF THE TRANSACTION	BACK2BONIS - PRELIOS
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund
Originator:	UniCredit Leasing S.p.A.
Investment Fund underwritten:	BACK2BONIS - PRELIOS SGR S.p.A.
Target transaction:	Reduction NPL
Type of asset:	No. 1 real estate leasing transaction
Quality of Asset:	Unlikely to pay
Closing date:	12.04.2020
Nominal Value of reference portfolio (million):	20
Net amount of preexisting write-down/write-backs (€ million):	5
Disposal Profit & Loss realised (€ million):	-
Portfolio disposal price (million):	8
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	-
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	-
Units of Investment Fund underwritten	
. Units subscriber	UniCredit Leasing S.p.A.
. ISIN	IT0005396327
. No. of units at the subscription	16.764
. Book Value at the subscription (million)	5
. No. of units at the end of accounting period	16.764
. Book value at the end of accounting period (million)	5





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## 2021

Company Report and Accounts  
of UniCredit S.p.A.



# Company report and accounts 2021 of UniCredit S.p.A.

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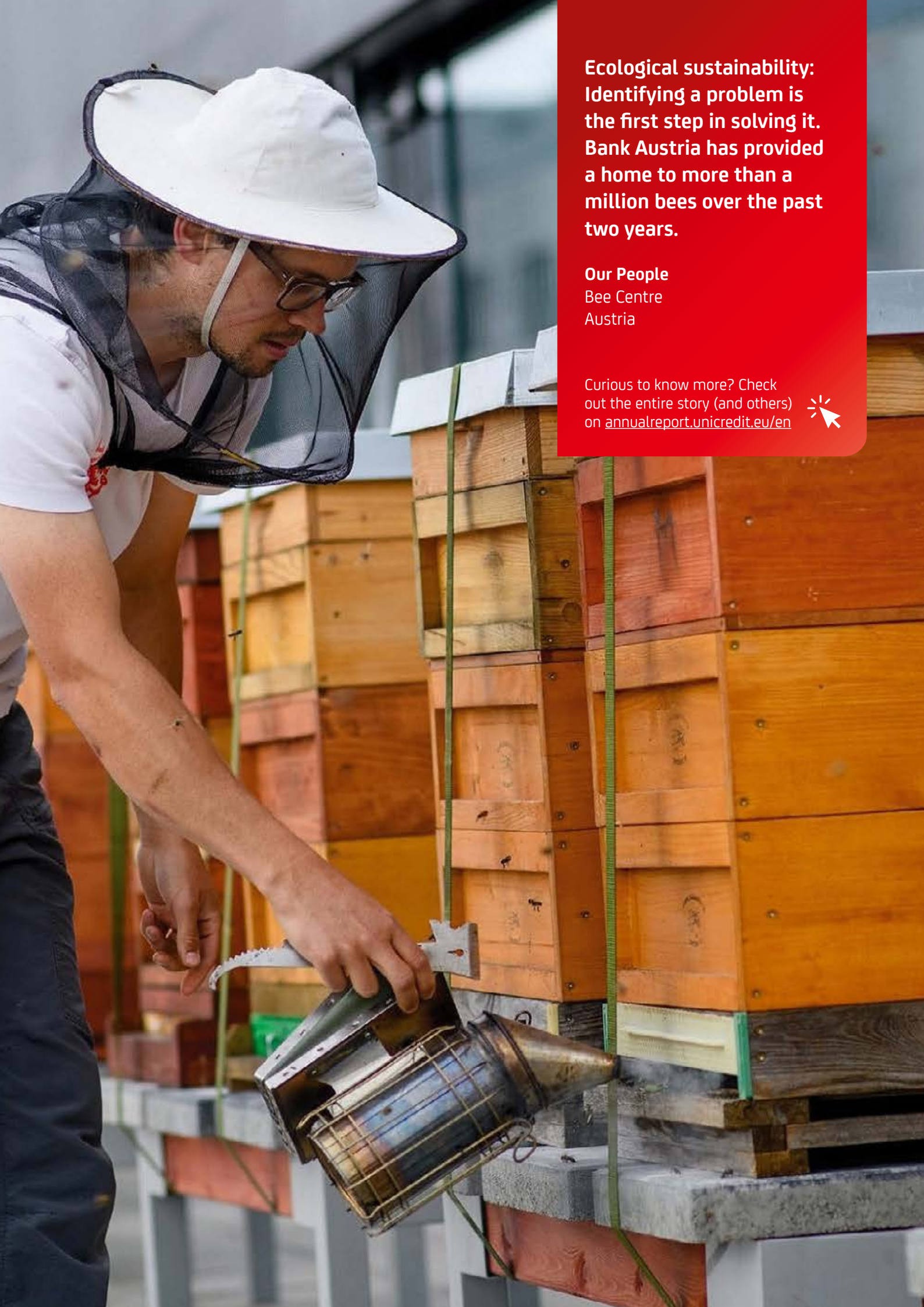


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# Introduction and highlights

## Introduction to Report on operations of UniCredit S.p.A.

This Report on operations illustrates the performance of UniCredit S.p.A. ("Company") and the related amounts and results. It includes financial information such as Highlights, Reclassified accounts and their quarterly figures as well as a comment on the Results of the year.

The information in this report is supported, in order to provide further information about the performance achieved by the Company, by some alternative performance indicators ("API") such as: Cost/Income ratio, Net bad loans to customers/Loans to customers, Net Non-Performing loans to customers/Loans to customers. Although some of this information, including certain APIs, is neither extracted nor directly referred to with Company Financial Statements, the Report on operations, the Annexes and the Glossary provide explanatory descriptions of the contents and, in case, the calculation methods used, in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015. In particular in Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule, as required by Consob Notice No.6064293 of 28 July 2006.

For other information required by Law and regulations, refer to the Consolidated report on operations or to the Notes to the accounts of financial statements of UniCredit S.p.A. as better specified below.

Refer to Consolidated report on operations for information relating to:

- Share information - UniCredit share;
- Macroeconomic situation, banking and financial markets;
- qualitative disclosure of Principles of value creation and disciplined capital allocation, Capital ratios for information relating to transitional capital requirements and buffers for UniCredit group and Capital strengthening;
- references of UniCredit official website where can be found Report on corporate governance and ownership structure, Report on remuneration and Non-financial information;
- Research and development projects;
- Group activities development operations and other corporate transactions;
- Significant organisational changes and organisational structure;
- Certifications and other communications;
- Subsequent events;
- Outlook.

The amounts related to year 2020 Income statement and Balance sheet differ from the ones published at that time. For further details about the reasons of these restatement, refer to following paragraphs relating to the "Reconciliation principles followed for the reclassified balance sheet and income statement".

For information relating to related-party relations and transactions refer to the Notes to the accounts, Part H - Related-party transactions.

For a complete description of risks and uncertainties that the bank has to face in the current market situation refer the Notes to the accounts, Part E - Information on risks and hedging policies.

## Highlights, alternative performance indicators and other measures

### Income statement

	YEAR		% CHANGE
	2021	2020	
Operating income	8,668	11,023	- 21.4%
<i>of which:</i>			
- <i>net interest</i>	3,172	3,511	- 9.7%
- <i>dividends and other income from equity investments</i>	848	3,670	- 76.9%
- <i>net fees and commissions</i>	4,093	3,556	+ 15.1%
Operating costs	(4,528)	(4,553)	- 0.5%
Operating profit (loss)	4,140	6,470	- 36.0%
Net write-downs on loans and provisions for guarantees and commitments	(978)	(2,736)	- 64.3%
Net operating profit (loss)	3,162	3,734	- 15.3%
Profit (Loss) before tax	9,432	(2,992)	n.m.
<b>Net profit (loss)</b>	<b>10,366</b>	<b>(2,690)</b>	<b>n.m.</b>

(€ million)

# Introduction and highlights

The figures in this table refer to the reclassified income statement. The amounts related to year 2020 differ from the ones published at that time. For further details refer to "Reconciliation principles followed for the reclassified income statement". The Annex 1 includes the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Balance sheet

	AMOUNTS AS AT		% CHANGE
	12.31.2021	12.31.2020	
Total assets	461,953	457,612	+ 0.9%
Financial assets held for trading	13,939	11,231	+ 24.1%
Loans and receivables with customers	192,497	208,835	- 7.8%
Financial liabilities held for trading	13,636	9,672	+ 41.0%
Deposits from customers and debt securities issued	282,685	283,465	- 0.3%
of which:			
- deposits from customers	224,961	223,467	+ 0.7%
- debt securities issued	57,724	59,998	- 3.8%
Shareholders' equity	59,265	49,880	+ 18.8%

(€ million)

The figures in this table refer to the reclassified balance sheet. The amounts related to year 2020 differ from the ones published at that time. For further details refer to "Reconciliation principles followed for the reclassified balance sheet". The Annex 1 includes the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Profitability ratios

	YEAR		CHANGE
	2021	2020	
EPS <sup>(*)</sup> (€)	4.652	(1.282)	5.934
Cost/Income ratio <sup>(**)</sup>	52.2%	41.3%	+ 10.9%
ROA <sup>(***)</sup>	2.2%	- 0.6%	+ 2.8%

### Notes:

(\*) Earnings per share. For further details refer to Part C - Section 22.

(\*\*) Ratio between operating expenses and operating income.

(\*\*\*) Return on assets calculated as the ratio between Net profit (loss) and Total assets pursuant to Art.90 of CRD IV.

Year 2020 cost/income ratio amounts differ from the ones published at that time.

For further details refer to "Reconciliation principles followed for the reclassified balance sheet and income statement". In Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Risk ratios

	AS AT		% CHANGE ON
	12.31.2021	12.31.2020	
Net bad loans to customers/Loans to customers	0.3%	0.3%	-
Net non-performing loans to customers/Loans to customers	2.0%	1.8%	+ 0.2%

For further details refer to table "Loans to customers - Credit quality" in paragraph "Credit quality" in this Report on operations.



# Introduction and highlights

## Staff and branches

	AS AT		CHANGE
	12.31.2021	12.31.2020	
Number of employees	32,262	33,842	-1,580
Number of branches	2,385	2,569	-184
<i>of which:</i>			
- Italy	2,378	2,561	-183
- Other countries	7	8	-1

## Transitional capital ratios

	AS AT		CHANGE
	12.31.2021 <sup>(*)</sup>	12.31.2020 <sup>(*)</sup>	
Total own funds (€ million)	62,158	56,161	+ 5,997
Total risk-weighted assets (€ million)	187,327	183,065	+ 4,262
<b>Common Equity Tier 1 Capital Ratio</b>	<b>25.76%</b>	<b>22.50%</b>	<b>+ 3.3%</b>
<b>Total Capital Ratio</b>	<b>33.18%</b>	<b>30.68%</b>	<b>+ 2.5%</b>

### Notes:

(\*) Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.  
It should be noted that UniCredit S.p.A. decided to not apply the IFRS9 transitional approach as reported in article 473a of the Regulation 575/2013/EU (CRR).

For more details refer to paragraph "Capital and value management - Capital ratios" of this Report on operations.



# Reclassified company accounts

## Reconciliation principles followed for the reclassified balance sheet

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Loans to banks" of item "Financial assets at amortised cost: a) loans and advances to banks", net of debt securities reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the inclusion in "Loans to customers" of item "Financial assets at amortised cost: b) Loans and advances to customers", net of debt securities and of IFRS16 leasing assets reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the aggregation as "Other financial assets" of items (i) "Financial assets at fair value through profit or loss: b) financial assets designated at fair value and c) other financial assets mandatorily at fair value", net of loans reclassified in "Loans to banks and to customers", of (ii) "Financial assets at fair value through other comprehensive income", of (iii) "Equity investments", besides reclassifications of (iv) debt securities from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers" and of (v) IFRS16 leasing assets from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers";
- the inclusion in "Other financial liabilities" pursuant to accounting standard of IFRS16 leasing liabilities related to item "Financial liabilities at amortised cost: a) deposits from banks and b) deposits from customers";
- grouping under "Hedging instruments", both assets and liabilities, of items "Hedging derivatives" and "Changes in fair value of portfolio hedged items" in the assets and "Value adjustment of hedged financial liabilities" in the liabilities;
- the inclusion of items "Provision for employee severance pay" and "Provisions for risks and charges" under "Other liabilities".

Figures of Reclassified balance sheet relating to 2020 and the first three quarters of 2021 have been restated following the effects of the merger of UniCredit Bank Ireland Public Limited Company into UniCredit S.p.A. carried out on 1 November 2021 and with retroactive accounting effect to 1 January 2021.

Moreover, the data have been restated in order to reflect the amendments contained in the 7<sup>th</sup> update of Banca d'Italia Circular 262 dated 22 December 2005 (dated 29 October 2021) through the reclassification of current accounts and demand deposits with banks and Central Banks (with the exclusion of the mandatory reserve) from item "Loans to banks" to item "Cash and cash balances".

# Reclassified company accounts

## Reclassified balance sheet

(€ million)

ASSETS	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Cash and cash balances	72,830	63,334	+ 9,496	+ 15.0%
Financial assets held for trading	13,939	11,231	+ 2,708	+ 24.1%
Loans to banks	26,711	32,917	- 6,206	- 18.9%
Loans to customers	192,497	208,835	- 16,338	- 7.8%
Other financial assets	129,555	113,826	+ 15,729	+ 13.8%
Hedging instruments	5,720	8,864	- 3,144	- 35.5%
Property, plant and equipment	3,806	4,002	- 196	- 4.9%
Goodwill	-	-	-	-
Other intangible assets	7	6	+ 1	+ 16.7%
Tax assets	11,142	10,664	+ 478	+ 4.5%
Non-current assets and disposal groups classified as held for sale	1,909	255	+ 1,654	n.m.
Other assets	3,837	3,678	+ 159	+ 4.3%
<b>Total assets</b>	<b>461,953</b>	<b>457,612</b>	<b>+ 4,341</b>	<b>+ 0.9%</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Deposits from banks	86,258	89,152	- 2,894	- 3.2%
Deposits from customers	224,961	223,467	+ 1,494	+ 0.7%
Debt securities issued	57,724	59,998	- 2,274	- 3.8%
Financial liabilities held for trading	13,636	9,672	+ 3,964	+ 41.0%
Other financial liabilities	5,185	6,076	- 891	- 14.7%
Hedging instruments	5,503	10,002	- 4,499	- 45.0%
Tax liabilities	13	10	+ 3	+ 30.0%
Liabilities included in disposal groups classified as held for sale	-	-	-	-
Other liabilities	9,408	9,355	+ 53	+ 0.6%
Shareholders' equity:	59,265	49,880	+ 9,385	+ 18.8%
- capital and reserves	48,899	52,570	- 3,671	- 7.0%
- net profit (loss)	10,366	(2,690)	+ 13,056	n.m.
<b>Total liabilities and Shareholders' equity</b>	<b>461,953</b>	<b>457,612</b>	<b>+ 4,341</b>	<b>+ 0.9%</b>

# Reclassified company accounts

## Reclassified balance sheet - Quarterly figures

(€ million)

ASSETS	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2021	09.30.2021	06.30.2021	03.31.2021	12.31.2020	09.30.2020	06.30.2020	03.31.2020
Cash and cash balances	72,830	79,701	79,209	66,232	63,334	3,453	3,881	4,077
Financial assets held for trading	13,939	11,535	12,416	12,535	11,231	13,229	11,737	14,284
Loans to banks	26,711	29,025	30,669	32,855	32,917	48,785	45,678	29,603
Loans to customers	192,497	195,427	194,306	198,158	208,835	218,894	222,284	230,261
Other financial assets	129,555	119,242	118,495	117,304	113,826	114,461	114,820	113,645
Hedging instruments	5,720	6,544	6,990	7,349	8,864	8,991	9,000	8,811
Property, plant and equipment	3,806	3,820	3,871	3,941	4,002	4,014	4,055	4,121
Goodwill	-	-	-	-	-	-	-	-
Other intangible assets	7	6	7	7	6	5	4	5
Tax assets	11,142	10,137	10,273	10,468	10,664	10,476	10,458	10,541
Non-current assets and disposal groups classified as held for sale	1,909	126	115	196	255	543	354	464
Other assets	3,837	3,511	3,949	3,238	3,678	7,201	7,631	3,708
<b>Total assets</b>	<b>461,953</b>	<b>459,074</b>	<b>460,300</b>	<b>452,283</b>	<b>457,612</b>	<b>430,052</b>	<b>429,902</b>	<b>419,520</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2021	09.30.2021	06.30.2021	03.31.2021	12.31.2020	09.30.2020	06.30.2020	03.31.2020
Deposits from banks	86,258	90,274	91,837	96,026	89,152	78,028	82,381	75,130
Deposits from customers	224,961	225,052	225,136	214,686	223,467	203,062	201,369	200,380
Debt securities issued	57,724	58,522	56,370	56,738	59,998	57,428	53,681	52,942
Financial liabilities held for trading	13,636	10,193	9,138	9,807	9,672	10,801	11,064	13,035
Other financial liabilities	5,185	5,373	5,445	5,621	6,076	6,308	5,977	4,338
Hedging instruments	5,503	6,411	7,249	7,641	10,002	9,923	9,890	9,445
Tax liabilities	13	31	19	9	10	12	8	5
Liabilities included in disposal groups classified as held for sale	-	-	0	-	-	-	23	-
Other liabilities	9,408	12,249	14,309	11,468	9,355	12,269	13,284	12,344
Shareholders' equity:	59,265	50,969	50,797	50,287	49,880	52,221	52,225	51,901
- capital and reserves	48,899	49,228	49,437	49,937	52,570	52,674	52,744	53,077
- net profit (loss)	10,366	1,741	1,360	350	(2,690)	(453)	(519)	(1,176)
<b>Total liabilities and Shareholders' equity</b>	<b>461,953</b>	<b>459,074</b>	<b>460,300</b>	<b>452,283</b>	<b>457,612</b>	<b>430,052</b>	<b>429,902</b>	<b>419,520</b>

## Reconciliation principles followed for the reclassified income statement

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Dividends and other income from equity investments" of "Profit (Loss) of equity investments valued at equity" and the exclusion of (i) "Dividends from held for trading equity instruments" and (ii) "Dividends on equity investments, shares and equity instruments mandatorily at fair value" which are included in "Net trading income";
- the inclusion in the "Net other expenses/income" of "Other operating expenses/income", excluding "Recovery of expenses" which is classified under its own item, the exclusion of the costs for "Net value adjustments/write-backs on leasehold improvements" classified among "Other administrative expenses" and inclusion of result of industrial companies;
- presentation of "Net other expenses/income", "Payroll costs", "Other administrative expenses", "Amortisation, depreciation and impairment losses on intangible and tangible assets" and "Other charges and provisions" net of any "Integration costs" relating to the reorganisation operations, classified as a separate item;
- the exclusion from the "Other administrative expenses" of the Contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS), the Bank Levy and the Guarantee fees for DTA reclassified in item "Other charges and provisions";

# Reclassified company accounts

- the exclusion from "Amortisation, depreciation and impairment losses on intangible and tangible assets" of impairment/writebacks related to (i) inventories assets (IAS2) obtained from recovery procedures of NPE (ii) rights of use of land and buildings used in the business (classified in item "Net income from investments") and (iii) tangible in operating lease assets (classified in item "Net other expenses/income");
- in "Net write-downs on loans and provisions for guarantees and commitments", the inclusion of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income net of debt securities, the gains (losses) on disposal and repurchase of nonperforming financial assets at amortised cost net of debt securities and of the "Net provisions for risks and charges" related to commitments and financial guarantees given;
- the inclusion in "Net income from investments" of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income - debt securities, gains (losses) on tangible and intangible assets measured at fair value as well as gains (losses) of equity investments and on disposal on investments, including impacts from revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method not presented to item "Profit (Loss) from non-current assets held for sale after tax";
- the inclusion among "Net trading income" (i) of the net gains (losses) on trading, (ii) of the net gains (losses) on hedge accounting, (iii) of the net gains/losses on other financial assets/liabilities at fair value through profit or loss, (iv) of the gains/losses on disposal or repurchase of financial assets at fair value through other comprehensive income and (v) of the interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions.

Figures of Reclassified income statement relating to 2020 and the first three quarters of 2021 have been restated following the effects of the merger of UniCredit Bank Ireland Public Limited Company into UniCredit S.p.A. carried out on 1 November 2021 with retroactive accounting effect to 1 January 2021.

## Reclassified income statement

(€ million)

	YEAR		CHANGE	
	2021	2020	P&L	%
Net interest	3,172	3,511	- 339	- 9.7%
Dividends and other income from equity investments	848	3,670	- 2,822	- 76.9%
Net fees and commissions	4,093	3,556	+ 537	+ 15.1%
Net trading income	539	457	+ 82	+ 17.9%
Net other expenses/income	16	(171)	+ 187	n.m.
<b>OPERATING INCOME</b>	<b>8,668</b>	<b>11,023</b>	<b>- 2,355</b>	<b>- 21.4%</b>
Payroll costs	(2,688)	(2,697)	+ 9	- 0.3%
Other administrative expenses	(1,982)	(1,922)	- 60	+ 3.1%
Recovery of expenses	459	402	+ 57	+ 14.2%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(317)	(336)	+ 19	- 5.7%
<b>Operating costs</b>	<b>(4,528)</b>	<b>(4,553)</b>	<b>+ 25</b>	<b>- 0.5%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>4,140</b>	<b>6,470</b>	<b>- 2,330</b>	<b>- 36.0%</b>
Net write-downs on loans and provisions for guarantees and commitments	(978)	(2,736)	+ 1,758	- 64.3%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,162</b>	<b>3,734</b>	<b>- 572</b>	<b>- 15.3%</b>
Other charges and provisions	(676)	(588)	- 88	+ 15.0%
of which: systemic charges	(538)	(458)	- 80	+ 17.5%
Integration costs	(358)	(1,345)	+ 987	- 73.4%
Net income from investments	7,304	(4,793)	+ 12,097	n.m.
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>9,432</b>	<b>(2,992)</b>	<b>+ 12,424</b>	<b>n.m.</b>
Income tax for the period	934	302	+ 632	n.m.
<b>PROFIT (LOSS) AFTER TAX</b>	<b>10,366</b>	<b>(2,690)</b>	<b>+ 13,056</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	-	-	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>10,366</b>	<b>(2,690)</b>	<b>+ 13,056</b>	<b>n.m.</b>
Goodwill impairment	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>10,366</b>	<b>(2,690)</b>	<b>+ 13,056</b>	<b>n.m.</b>

# Reclassified company accounts

## Reclassified income statement - Quarterly figures

(€ million)

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	859	769	764	780	831	865	905	910
Dividends and other income from equity investments	151	(1)	658	40	(178)	89	3,594	165
Net fees and commissions	1,026	995	1,030	1,042	903	881	794	978
Net trading income	4	180	177	178	156	107	143	51
Net other expenses/income	7	(14)	(27)	50	(73)	(11)	(79)	(8)
<b>OPERATING INCOME</b>	<b>2,047</b>	<b>1,929</b>	<b>2,602</b>	<b>2,090</b>	<b>1,639</b>	<b>1,931</b>	<b>5,357</b>	<b>2,096</b>
Payroll costs	(683)	(668)	(672)	(665)	(643)	(664)	(690)	(700)
Other administrative expenses	(517)	(481)	(505)	(479)	(489)	(484)	(474)	(475)
Recovery of expenses	150	104	105	100	110	98	99	95
Amortisation, depreciation and impairment losses on intangible and tangible assets	(78)	(79)	(81)	(79)	(84)	(76)	(94)	(82)
<b>Operating costs</b>	<b>(1,128)</b>	<b>(1,124)</b>	<b>(1,153)</b>	<b>(1,123)</b>	<b>(1,106)</b>	<b>(1,126)</b>	<b>(1,159)</b>	<b>(1,162)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>919</b>	<b>805</b>	<b>1,449</b>	<b>967</b>	<b>533</b>	<b>805</b>	<b>4,198</b>	<b>934</b>
Net write-downs on loans and provisions for guarantees and commitments	(420)	(181)	(261)	(116)	(1,132)	(425)	(537)	(642)
<b>NET OPERATING PROFIT (LOSS)</b>	<b>499</b>	<b>624</b>	<b>1,188</b>	<b>851</b>	<b>(599)</b>	<b>380</b>	<b>3,661</b>	<b>292</b>
Other charges and provisions	(139)	(153)	(136)	(248)	(106)	(149)	(141)	(192)
o/w systemic charges	(47)	(169)	(92)	(230)	(26)	(161)	(102)	(169)
Integration costs	(351)	(1)	(7)	1	(26)	(38)	(3)	(1,278)
Net income from investments	7,409	26	(7)	(124)	(1,660)	(184)	(2,901)	(48)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>7,418</b>	<b>496</b>	<b>1,038</b>	<b>480</b>	<b>(2,391)</b>	<b>9</b>	<b>616</b>	<b>(1,226)</b>
Income tax for the period	1,207	(115)	(28)	(130)	154	57	41	50
<b>PROFIT (LOSS) AFTER TAX</b>	<b>8,625</b>	<b>381</b>	<b>1,010</b>	<b>350</b>	<b>(2,237)</b>	<b>66</b>	<b>657</b>	<b>(1,176)</b>
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-	-	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>8,625</b>	<b>381</b>	<b>1,010</b>	<b>350</b>	<b>(2,237)</b>	<b>66</b>	<b>657</b>	<b>(1,176)</b>
Goodwill impairment	-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>8,625</b>	<b>381</b>	<b>1,010</b>	<b>350</b>	<b>(2,237)</b>	<b>66</b>	<b>657</b>	<b>(1,176)</b>

# Results of the year

## Main results and performance for the period

### The income statement

#### Breakdown of operating profit

Net operating profit (loss) on 31 December 2021 totaled €3,162 million, down €572 million on the previous year. The Operating profit totaled €4,140 million (-€2,330 million year on year, -36.0%) and Net write-downs of loans amounted to -€978 million (up +€1,758 million versus December 2020). The annual decrease in the Operating profit (loss) compared to December 2020 is mainly attributable to the reduction in Operating income (-€2,355 million).

#### Net operating profit (loss)

	YEAR		CHANGE	
	2021	2020	P&L	%
<b>OPERATING INCOME</b>	<b>8,668</b>	<b>11,023</b>	<b>- 2,355</b>	<b>- 21.4%</b>
Operating costs	(4,528)	(4,553)	+ 25	- 0.5%
<b>OPERATING PROFIT (LOSS)</b>	<b>4,140</b>	<b>6,470</b>	<b>- 2,330</b>	<b>- 36.0%</b>
Net write-downs of loans and provisions for guarantees and commitments	(978)	(2,736)	+ 1,758	- 64.3%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,162</b>	<b>3,734</b>	<b>- 572</b>	<b>- 15.3%</b>

(€ million)

#### Operating income

At 31 December 2021 Operating income totaled €8,668 million, down -€2,355 million (-21.4%) on the previous year. The decrease was mainly attributable to the reduction of Dividends and other income from equity investments (-€2,822 million) and Net Interest (-€339 million), partially offset by the increase in Net fees and commissions (+€537 million) and Balance of other operating income and charges (+€187 million).

Net interest at December 2021 amounted to €3,172 million, down compared to the previous year (-9.7%). In 2021, the persistence of Covid-19 pandemic disease and a persistent negative interest rates scenario contributed to the contraction of customer loans rates, due to the effects related to government-guaranteed credit recourse and to the rebalancing in credit portfolio composition leading to the reduction of short term loans, usually characterized by an higher profitability.

Even in 2021, the growth of deposits volumes reflects the strong increase in savings, especially household savings, as a consequence of the pandemic, restraining measures and supply bottlenecks which led to a decrease in sales of goods and services

During the year, the Bank executed its medium/long term Financial Plan adopting the usual approach of using a variety structures/currencies/instruments to avoid maturities concentration risk and to benefit a large degree of name recognition with Investors. As far as senior funding is concerned, in January the Bank issued with success a Dual Tranche Senior Preferred transaction for a total combined amount of €2.000 million (5-year and 10-year maturities); in May the Bank placed a Dual Tranche Senior Preferred transaction for a total combined amount of \$2.000 million (6-year maturity and callable after 5 years one tranche and 11-year maturity and callable after 10 years second tranche); in June the Bank issued its Inaugural Senior Preferred Green Bond for a total amount of €1.000 million (8-year maturity and callable after 7 years); finally, in October the Bank issued a Senior Preferred Retail Social Bond for a total amount of €155 million (10-year maturity, floater with cap & floor). The Bank has also served the demand of structured products mainly coming from its network by issued certificates for circa €500 million (7 years average maturity).

Regarding subordinated debt, in June the Bank launched an Additional Tier 1 Perpetual Non-Call (so-called Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes), not callable before June 2028 for a total amount of €750 million.

The result from the mentioned issuances allowed to comply with various applicable regulatory requirements, maintaining at the same time an appropriate level of liquidity.

Dividends recorded in 2021 totaled €848 million, down compared to previous year (-76.9%). The decrease was mainly due to less dividends distributed by UniCredit Bank AG, amounted to +€400 million respect €3,288 million (including +€2,500 million of extraordinary dividends) distributed in 2020.



# Results of the year

Net fees and commissions income and expenses at 31 December 2021 amounted to €4,093 million, up to €537 million (+15.1%) year on year. The increase was mainly due to Asset management, custody and administration services (+€408 million), driven by mutual funds. Increase also in current accounts, loans and credit commitments sector (+€58 million) and in Collection and payment services (+€53 million).

Net trading income at December 2021 (+€539 million) was essentially attributable to the gains from investment portfolio (+€177 million), hedging activity in derivatives with customers (+€101 million), hedging activity of Turkish lira exposure (+€74 million) due to equity investment on Yapi Ve Kredi Bankasi A.S., the effects of the revaluation of the issuance of Additional Tier1 of UniCredit Bank AG (+€63 million) and Certificates and their derivatives (+€22 million).

In 2021, the effects of the revaluation of the hedging derivative related to the issuance in USD of Additional Tier1 instruments amounted to €22 million.

In addition, the effects of the evaluation of Visa Inc (+€6 million), Webuild S.p.A. (+€39 million) and Yapi VE Kredi Bankasi A.S. (-€32 million) were recorded, the latter classified in December 2021 as a financial asset measured at fair value through profit or loss following the loss of UniCredit's significant influence.

In 2021 gains related to XVA - Credit, Funding and Debt Value Adjustment, amounting to +€31 million, were partially offset by losses from relative hedging activity (-€28 million).

Overall, Net trading income increased by +€82 million compared to the previous year (+17.9%).

The mainly changes in comparison with 2020 are attributable to the following:

- +€74 million related to the hedging of Turkish lira exposure due to equity investment on Yapi Ve Kredi Bankasi A.S.;
- +€58 million related to the effects of Webuild S.p.A. revaluation;
- +€29 million due to higher gains from investment portfolio;
- +€20 million due to gains related to XVA - Credit, Funding and Debt Value Adjustment and its relative hedging activity;
- -€51 million related to Certificates and their derivatives;
- -€33 million related to Additional Tier 1 of UniCredit Bank AG.

The balance of other operating income and charges at December 2021 amounted to €16 million, increasing by +€187 million year-on-year. The main impacts in 2021 derived from updating the overall terms of the outsourcing agreement with SIA company for +€113 million and to net charges and income related to company activities (mainly compensation, rebates, services provided, activities related to customer, recoveries and rents) totaling -€99 million.

## Operating costs

The total of Operating costs at December 2021 amounted to -€4,528 million, decreasing of -€25 million (-0.5%) compared to the previous year. Staff expenses, amounted to -€2,688 million, decreased compared to 2020 of about €9 million (-0.3%), mainly due to the effect of staff structure reduction.

Full Time Equivalent (FTE) evolution stands at 30,823 at 31 December 2021 and showed a decrease of about 1,750 FTE year-on-year thanks to multiyear personnel exit plan linked with Team23.

Other administrative expenses in 2021 recorded -€1,982 million, up €60 million (3.1%) compared to 2020. The increase was concentrated on costs related to digitalization projects (+€58 million).

Recovery of expenses, amounting to €459 million, increased (+€57 million and +14.2% compared to the previous year), primarily for higher recovery on credit recovery expenses and on stamp duties.

Amortization, depreciation and impairment losses on intangible and tangible assets amounted to -€317 million, decreasing (-5.7%) compared to the previous year connected with rationalization of real estate assets.

# Results of the year

## Net impairment losses on loans

At the end of December 2021 net write-downs on loans and provisions for guarantees and commitments sum up to -€978 million, up €1,758 million (-64.3%) in respect of previous year.

Such trend was positively impacted by the dynamic of the non-performing loans portfolios positively impacted by lower flows to default. At the same time, in the second quarter of 2021 €15 million of write-downs were recognized following the update of the IFRS9 macro-economic scenario, while in the fourth quarter the bank adopted a managerial overlay to grant a substantial neutrality from the impact of the macro-economic scenario update, in light of the uncertainty linked to the pandemic evolution.

On top to the update of the macroeconomic scenario, the amount of net loan loss provisions at 31 December 2021 has been affected by the following elements:

- Extension of the portfolios evaluated under IFRS9 selling scenarios, by means of the inclusion of the “Core” unlikely-to-pay and exclusion of the “non Core” illiquid bad loans (lead back within the ordinary management), that - jointly to the update of the prizes used for evaluation purposes - has determined the booking of net write-down equal to 208 million;
- Adoption of methodological interventions with impact on the classification of the credit exposures among credit risk stages foreseen by IFRS9, aimed at further increasing the timeliness of Stage 2 classification for positions characterized by significant increase in credit risk and, at the same time, reducing the volatility of migration of the classification among difference Stages of risk; such actions have generated the booking of write-down for 223 million.

With reference to the credit portfolios under moratoria, part of the Corporate counterparties (ex Art.56 of the Decreto Legge 18/2020) with moratoria under expiration on 30 June 2021 has requested the extension up to year end (opt-in). At 31 December 2021, moratoria amount at 5,227 million; of which, circa 4,153 million have been object of extension (opt-in) and will expire starting from 1 January 2022, cumulating to the amount of already expired moratoria at 31 December 2021 equal to 10,403 million. With reference to the connected evaluation themes, it is highlighted the following:

- with reference to the exposures (opt-in), an adjustment has been introduced - with impact in terms of write-downs on credit for 109 million - in order to consider the risk of potential credit losses that might arise after the expiration of the moratoria; the adjustment is based on: (i) classification of the exposure in Stage 2, assuming that such counterparties incorporate an intrinsically higher potential risk of default given the explicit request of prorogation; (ii) setting of the average coverage ratio of the portfolio at least to the average coverage ratio of the Stage 2 reported at March 2020 (before the deployment of the Covid-19 pandemic effects), thus recognizing a level of coverage more representative of the riskiness of Stage 2 portfolio in ordinary conditions;
- furthermore, a PD flooring measure has been introduced in order to limit spurious improvements of the risk profile likely expected to be linked to the mere effect of payment suspension/re-scheduling more than to the effective improvements of the clients' fundamentals. The measure, applied on Corporate and Retail portfolios, has determined an impact in terms of credit write-downs for 46 million;
- finally, an Unlikely-To-Pay assessment has been done on the riskiest opt-in moratoria exposures, with an impact in terms of credit write-downs for 143 million; particularly, on top to the direct classification to unlikely-to-pay: (i) all transactions of clients under opt-in moratoria have been migrated to Stage 2 and their coverage ratio aligned to the pre-crises level; (ii) for all Clients with worst rating classes, an additional coverage consistent with expectation of potential migration to default has been recognized.

For more details reference is made to the Consolidated financial statements of UniCredit group, Notes to the consolidated account, Part E - Information on risks and hedging policies, Section 2 - Risks on the prudential consolidate perimeter, 2.1 Credit Risk - Qualitative information, 2.3 Measurement methods for expected losses.

# Results of the year

## Net profit (loss)

In the table below, the data showing the transition from operating profit (loss) to net profit (loss) have been reclassified for illustrative purposes.

### Net profit (loss)

	YEAR		CHANGE	
	2021	2020	P&L	%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,162</b>	<b>3,734</b>	<b>- 572</b>	<b>- 15.3%</b>
Other charges and provisions	(676)	(588)	- 88	+ 15.0%
Integration costs	(358)	(1,345)	+ 987	- 73.4%
Net income from investments	7,304	(4,793)	+ 12,097	n.m.
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>9,432</b>	<b>(2,992)</b>	<b>+ 12,424</b>	<b>n.m.</b>
Income tax for the period	934	302	+ 632	n.m.
<b>PROFIT (LOSS) AFTER TAX</b>	<b>10,366</b>	<b>(2,690)</b>	<b>+ 13,056</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	-	-	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>10,366</b>	<b>(2,690)</b>	<b>+ 13,056</b>	<b>n.m.</b>
Goodwill impairment	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>10,366</b>	<b>(2,690)</b>	<b>+ 13,056</b>	<b>n.m.</b>

(€ million)

## Other charges and provisions

Other charges and provisions, amounting to -€676 million, up compared to -€588 million in 2020, considered the Deposit Guarantee Scheme (DGS) contribution to Fondo Interbancario di Tutela dei Depositi - "FITD" (-€166 million), the ordinary and extraordinary contribution to the Single Resolution Fund (-€270 million) and other provisions for litigations, lawsuits, disputes, incidents and claims in which the Bank is passive subject.

## Integration costs

Integration costs, mainly related to severance costs connected to the new Strategic Plan "UniCredit unlocked", amounted to -€358 million, down +987 million (-73,4%) compared to 2020, during which charges were recognised as severance costs referred to multiyear plan Team 23.

## Net income (losses) from investments

Net income from investments was €7,304 million, up compared to -€4,793 million in 2020.

In particular, in 2021, also following the implementation in the valuation models of the financial projections underlying the new strategic plan "UniCredit Unlocked, write-backs on equity regarding UniCredit Bank AG (+€4,958 million) and UniCredit Bank Austria (+€2,972 million) were recorded, partially offset by write-down on equity related to UniCredit Leasing S.p.A. (-€280 million), Yapi Ve Kredi Bankasi A.S. (-€249 million) and Cordusio SIM S.p.A. (-€104 million).

For further information on the methodology, results and base assumptions used in the impairment test of investments in subsidiaries refer to sections "Section 7 - Equity investments - Item 70", Notes to the accounts, Part B - Balance sheet - Assets.

## Taxes on income

Taxes on income for 2021 reports a positive amount of €934 million, with respect to the positive amount of €302 million in 2020, this amount is mainly composed by:

- IRES (current and deferred taxes) value of €940million. The amount of the current IRES is zero since the fiscal year 2021 generate a tax loss for a total of €466 million in terms of taxes, of which €335 million concerning Income statement and €131 million concerning Net equity. This tax loss, mainly determined by the yearly reversal of convertible DTA linked to credit impairment, equity investments and goodwill, has been converted in a tax credit as per Art. 2 par. 56-bis of Law Decree 29 December 2010, No.225 and subsequent amendments. The handling of deferred tax assets and liabilities of the period amounts totally at €605 million, mainly determined by the recognition of DTA for Tax Loss Carry Forward and for provisions for risks and charges following the updating of the sustainability test;
- Negative IRAP (current and deferred taxes) of €103 million, with current IRAP equal to €36 million (€34 million produced by tax cases from Income statement and €2 million produced by tax cases from Net equity);
- a provision of -€2 million related to the taxation on a transparent basis of controlled foreign companies (CFC);
- non-deductible withholding tax of -€5 million suffered in Italy and abroad;
- net extraordinary deduction of -€61 million, mainly resulting from the effect of the adjustment of deferred tax assets and the reconsideration in the tax return of IRAP tax rate;

# Results of the year

- net extraordinary income of 7 million, determined by the realignment of the book values to the fiscal values of the Bank assets, as per Art.110 of Law Decree 14 August 2020, No.104;
- tax accrual referred to foreign branches for an amount equal to -€8 million;
- tax credit deriving from the conversion of the "ACE" benefit into IRAP tax credit for €38 million for ACE 2020 that it could not have been accounted as not sustainable if not transformed for IRAP purposes, with the addition of €18 million deriving from the positive ACE tax ruling obtained by Agenzia delle Entrate;
- a benefit of €110 million resulting from the transformation into tax credits of the tax losses as per Law Decree 17 March 2020 No.18, confirmed by Law Decree 25 May 2021 No.73.

For further details about taxes refer to the Notes to the accounts, Part B - Balance sheet - Assets, Section 10 - Tax assets and Tax liabilities and Part C - Income statement, Section 19 - Tax expense (income) related to profit or loss from continuing operations.

## The balance sheet

### Loans to Customers

As at 31 December 2021, **loans to customers** totalled €192,497 million, in decrease of -€16,338 million (-7.8%) compared to 31 December 2020.

#### Loans and advances to customers

	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Performing loans	172,136	174,699	- 2,563	- 1.5%
Repos	16,580	30,469	- 13,889	- 45.6%
Non-performing exposures	3,781	3,667	+ 114	+ 3.1%
<b>Total loans and receivables with customers</b>	<b>192,497</b>	<b>208,835</b>	<b>- 16,338</b>	<b>- 7.8%</b>

More specifically:

- **performing loans** recorded a decrease of -€2,563 million (-1.5%);
- **reverse repos** recorded a decrease of -€13,889 million (-45.6%);
- **impaired assets** recorded an increase of €114 million (+3.1%).

**Performing loans** (€172,136 million at 31 December 2021) included €907 million due from Special Purpose Vehicles (SPVs), attributable mainly to liquidity which UniCredit S.p.A., following the downgrading from 2012 by the rating agencies involved in the transactions, had to transfer (based on the contractual documentation signed) to other banks, still considered "eligible", in favor of the SPVs granting loans as part of the transactions originated by UniCredit S.p.A. in relation to securitisations and covered bond issue programmes.

During 2021 the aforementioned receivables from Special Purpose Vehicle (S.P.V.) decreased by €895 million compared to 31 December 2020.

The decrease is due not only to the normal management of securitisation transactions, but also, following the upgrade in the Bank's rating recognized by Fitch on 17 December 2021, no need to maintain a deposit with third banks to guarantee the role of swap counterparty carried out by the Bank as part of the first Covered bonds program.

**Reverse repos**, whose performance is strictly linked to liquidity management, amounted to €16,580 million at 31 December 2021 (€30,469 million at the end of 2020), and consisted almost entirely of transactions with Cassa di Compensazione e Garanzia, with Cassa Depositi e Prestiti and Poste Italiane S.p.A.

**Impaired loans** at the end of December 2021 amounted to €3,781 million and came to 2.0% of the total amount of loans to customers. They mainly referred to the business segment.

The increase of €114 million (3.1% in comparison to €3,667 million at the end of December 2020) is mainly due to the adoption of the New Definition of Default, effective from 1 January 2021, the effect of which was partially offset by the intense activity of the Bank aimed at reducing impaired credit exposures operated through disposal operations, which allowed, among other things, the completion of the "rundown" of the "Non Core" portfolio, as defined in the 2016-2019 Strategic Plan (Transform 2019), confirmed and strengthened with the 2020-2023 Strategic Plan (Team 23).

# Results of the year

## Credit quality

As at 31 December 2021, the gross book value (GBV) of the Non-Performing Exposures (NPE) amounts to €8,677 million, representing 4.3% of total GBV loans to customers (down from 5.3% at year-end 2020). The non-performing exposures incorporate the new definition of default classification applicable from 1 January 2021.

The ratio of non-performing loans (GBV) amounted to 1.1% of total loans to customers (2.0% at 31 December 2020) loans classified as unlikely to pay amounted to 3.0% of total loans (3.1% at 31 December 2020), while impaired past due exposures amounted to 0.26% of total loans (0.18% at 31 December 2020).

The coverage ratio of impaired loans (specific write-downs to face value) came to around 56.4%, down on the 68.2% figure recorded at 31 December 2020, in detail the coverage ratio is equal to 78.3% for non-performing loans, 49.9% for loans classified as unlikely to pay and 37.2% for impaired past due exposures.

Performing loans, which amounted to €191,056 million at GBV (€207,307 million at 31 December 2020 the amount includes the effects of the merger into UniCredit S.p.A. of UniCredit Ireland occurred in November 2021 and effective for accounting purposes from 1 January 2021), were written down, at 31 December 2021, by a total of €2,340 million, with a coverage ratio of 1.22% (1.03% at 31 December 2020). For additional information on this section refer to the paragraph the Consolidated Financial Statements - Notes to the consolidated account, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk - Qualitative information - 2.3 Methods for measuring expected losses.

Overall, therefore, total Loans to customers at 31 December 2021 stood at €199,733 million, with value adjustments of €7,236 million taking the general level of coverage for Loans to Customers to 3.6% (4.6% at 31 December 2020).

The overall reduction in the coverage ratio is substantially due to the contraction of the impact of impaired loans on the aggregate of Loans to customers.

For the management and recovery of problematic loans (non-performing and unlikely to pay), the Bank uses also the services offered by doValue S.p.A., a bank specialised in loan recovery.

The summary table below provides additional details:

### Loans to customers - Asset quality

	(€ million)					
	BAD EXPOSURES	UNLIKELY TO PAY	NON- PERFORMING PAST-DUE	TOTAL NON- PERFORMING	PERFORMING	TOTAL LOANS
<b>As at 12.31.2021<sup>(*)</sup></b>						
Gross exposure	2,221	5,943	513	<b>8,677</b>	191,056	<b>199,733</b>
as a percentage of total loans	1.11%	2.97%	0.26%	<b>4.34%</b>	95.66%	
Writedowns	1,739	2,966	191	<b>4,896</b>	2,340	<b>7,236</b>
as a percentage of face value	78.28%	49.91%	37.19%	<b>56.42%</b>	1.22%	
Carrying value	482	2,977	322	<b>3,781</b>	188,716	<b>192,497</b>
as a percentage of total loans	0.25%	1.55%	0.17%	<b>1.96%</b>	98.04%	
<b>As at 12.31.2020<sup>(**)</sup></b>						
Gross exposure	4,357	6,773	402	<b>11,532</b>	207,307	<b>218,839</b>
as a percentage of total loans	2.00%	3.10%	0.18%	<b>5.27%</b>	94.73%	
Writedowns	3,733	3,982	150	<b>7,865</b>	2,139	<b>10,004</b>
as a percentage of face value	85.68%	58.80%	37.30%	<b>68.20%</b>	1.03%	
Carrying value	624	2,790	252	<b>3,667</b>	205,168	<b>208,835</b>
as a percentage of total loans	0.30%	1.34%	0.12%	<b>1.76%</b>	98.24%	

#### Note:

(\*) Total loans to customers exclude the receivables arising from subleases recognised due to the application of IFRS16.

(\*\*) The amounts differ from those reported in UniCredit S.p.A. Results as at 31 December 2020 due to the merge in UniCredit S.p.A. of UniCredit Ireland occurred in November 2021 and effective for accounting purpose from 1 January 2021.

# Results of the year

## Deposits from customers and debt securities in issue

Deposits from customers and debt securities in issue decrease in respect of 2020 for the combined effect of increase attributable to operating units in Italy (€157 million) and decrease due to operating units abroad (-€937 million).

### Deposits from customers and debt securities in issue

	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Deposits from customers	224,961	223,467	+ 1,494	+ 0.7%
Debt securities in issue	57,724	59,998	- 2,274	- 3.8%
<b>Total deposits from customers and debt securities in issue</b>	<b>282,685</b>	<b>283,465</b>	<b>- 780</b>	<b>- 0.3%</b>

Deposits from customers change due to:

- current accounts and demand deposits, increased by €9,649 million;
- time deposits, reduced by €751 million;
- repurchase agreements with customers, decreased by €7,657 million;
- other types of deposits, increased by €253 million.

Debt securities in issue change mainly due to increase attributable to operating units in Italy (-€1.605 million), driven by bond issues (-€1,597), certificates of deposit (-€3 million) and to "buoni fruttiferi" (-€5 million); certificates of deposit with operating units abroad decreased by €669 million.

## Other financial assets

In 2021 financial investments showed an increase mainly attributable to increase in bonds and equity investments.

### Other financial assets

	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Financial assets at fair value through profit or loss - Other financial assets designated at fair value	119	109	+ 10	n.m.
Financial assets at fair value through profit or loss - Other financial assets mandatorily at fair value	5,856	4,339	+ 1,517	+ 35.0%
Financial assets at fair value through other comprehensive income	36,464	38,283	- 1,819	- 4.8%
Debt securities and loans at amortised cost	48,703	39,345	+ 9,358	+ 23.8%
Equity investments	38,414	31,750	+ 6,664	+ 21.0%
<b>Total other financial assets</b>	<b>129,555</b>	<b>113,826</b>	<b>+ 15,729</b>	<b>+ 13.8%</b>

More specifically:

- financial assets designated at fair value are composed by few government bonds;
- financial assets mandatory at fair value are mainly composed by units in investment funds (€1,565 million) and bonds (€3,420 million, to whom is mainly attributable the change in the year, mainly driven by the subscription of an Additional Tier 1 issuance of the subsidiary UniCredit Bank Austria AG. Starting from the end of 2021, following the loss of significant influence, the item includes the stake in Yapi Ve Kredi Bakasi A.S. for €229 million;
- financial assets at fair value through other comprehensive income included €35,256 million in debt (decreased by €1,643 million primarily due to government and bank bonds) and €1,208 million in equity interests that have undergone an annual decrease of €176 million, mainly attributable to:
  - reduction of Banca d'Italia quotes (-€251 million);
  - fair value changes, of which ABH Holding (€22 million);
- debt securities and loans at amortised cost mainly include (i) government and bank securities, increased due to purchases in the year and (ii) receivables for subleases deriving from the application of the IFRS16 standard;



# Results of the year

- the value of equity investments (no more including UniCredit Bank Ireland PLC, merged into UniCredit S.p.A., Yapi Ve Kredi Bankasi A.S. reclassified into assets mandatory at fair value following the loss of significant influence and UniCredit Leasing S.p.A. reclassified into assets held for sale) increased mainly driven by the combined effects arising from:
  - the write-downs of the investment, of which: UniCredit Leasing S.p.A. (-€280 million), Yapi Ve Kredi Bankasi A.S. (-€249 million), Cordusio SIM S.p.A. (-€104 million), Pioneer Alternative Investments Management Ltd (-€8 million), UniCredit Turn Around Management Cee GmbH (-€8 million), Nuova Compagnia di Partecipazioni S.p.A. (-€3 million);
  - the write-up of the investment, of which: UniCredit Bank AG (€ 4,958 million), UniCredit Bank Austria AG (€2,972 million), CNP UniCredit Vita S.p.A. (€43 million), UniCredit International Luxembourg S.A. (€5 million), Crivelli SRL (€3 million), UniCredit Subito Casa S.p.A. (€1 million).

## Interbank position

The Bank recorded, under its financial activities, a net interbank position at the end of 2021 of assets (€26,711 million) and liabilities (€86,258 million) equal to -€59,547 million. Compared with the corresponding figures at the end of 2020 (net equal to -€56,235 million), the balance showed a slight increase in the net liabilities of -€3,312 million due to the combined effect of the higher reduction of Loans and receivables with banks (-€6,206 million) than the one of Deposits from banks (-2,894 million).

In this regard, the latter dynamics includes the increase in the participation to TLTRO, from a nominal of €51,291 million at the end of 2020 to a nominal of €56,420 million at the end of 2021, following the additional participation in TLTRO III operations in March 2021, more than offset by the reduction towards other interbank counterparties.

### Interbank position

	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Loans and receivables with banks	26,711	32,917	- 6,206	- 18.9%
Deposits from banks	86,258	89,152	- 2,894	- 3.2%
<b>NET INTERBANK POSITION</b>	<b>(59,547)</b>	<b>(56,235)</b>	<b>- 3,312</b>	<b>+ 5.9%</b>

# Results of the year

## Capital and Value Management

### Principles of value creation and disciplined capital allocation

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group which is herewith quoted entirely.

### Capital ratios

#### Transitional own funds and capital ratios

	AS AT	
	12.31.2021 <sup>(*)</sup>	12.31.2020 <sup>(*)</sup>
Common Equity Tier 1 Capital	48,249	41,186
Tier 1 Capital	54,954	48,276
Total own funds	62,158	56,161
Total RWA	187,327	183,065
<b>Common Equity Tier 1 Capital Ratio</b>	<b>25.76%</b>	<b>22.50%</b>
<b>Tier 1 Capital Ratio</b>	<b>29.34%</b>	<b>26.37%</b>
<b>Total Capital Ratio</b>	<b>33.18%</b>	<b>30.68%</b>

**Notes:**

(\*) Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.

UniCredit S.p.A. has decided to not apply the IFRS9 transitional approach as reported in article 473a of the Regulation 575/2013/EU (CRR).

The positive change with respect to 31 December 2020 equal to €7.1 billion on Common Equity Tier 1 Capital mainly reflects: (i) the profit of 2021 (equal to €10,366 million), net of dividends for €1,170 million and of €4 million of social and charity initiatives, computed for €9,192 million; partially offset by (ii) the higher deduction for €1.2 billion on deferred tax assets that rely on future profitability and do not arise from temporary differences, resulting from the Deferred Tax Assets sustainability test related to tax losses carry forward (TLCF) of the Italian tax perimeter carried out in the fourth quarter 2021; (iii) negative effect of the deduction for €831 million connected to the "First Buy-Back Programme" (€179 million) and "Second Buy-Back Programme" (€652 million).

With reference to the Total Own Funds, the positive change with respect to 31 December 2020, equal to €6.0 billion, reflects in addition to the effects on Common Equity Tier 1 Capital positive for €7.1 billion, the additional negative effects for €1.1 billion mainly deriving from: (i) negative effect on Additional Tier 1 Capital deriving from the authorization received by the competent authority to early redeem the Capital instrument XS1107890847 (computable amount equal to €991 million) (ii) negative effect on Tier 2 Capital deriving from the authorization received by the competent authority to early redeem instrument XS1426039696 (computable amount €748 million); (iii) the positive effect deriving from the new issuance of one subordinated instrument classified in Additional Tier 1 Capital for €744 million.

The net profit as at 31 December 2021, equal to €10,366 million, is recognised in the Own Funds for €9,192 million, resulting after the cash distributions approved by the Board of Directors €1,170 million to cash dividends and for €4 million to social and charity initiatives.

Shareholders' remuneration consists of a cash dividend for €1,170 million, equal to circa 30% of the Underlying Group Net Profit, and of Share Buy Backs (SBB) for €2,580 million, for a total amount of €3,750 million.

Considering that the SBB component is subject to authorizations, the Own Funds deduction in the fourth quarter 2021 does not include such amount, but only the cash component (€1,170 million), further to €4 million for social and charity initiatives.

### Capital strengthening

Reference is made to the paragraph Capital strengthening of the Consolidated report on operations, which is herewith quoted entirely.

# Results of the year

## Shareholders' equity

### Shareholders' equity

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2021	12.31.2020	AMOUNT	%
Share capital	21,133	21,060	+ 73	+ 0.3%
Share premium	5,446	9,386	- 3,940	- 42.0%
Equity instruments	6,595	6,841	- 247	- 3.6%
Reserves	15,131	14,840	+ 291	+ 2.0%
Revaluation reserves	793	445	+ 348	+ 78.2%
Treasury shares	(199)	(2)	- 197	n.m.
<b>Total capital and reserves</b>	<b>48,899</b>	<b>52,570</b>	<b>- 3,671</b>	<b>- 7.0%</b>
Net profit (loss)	10,366	(2,690)	+ 13,056	n.m.
<b>Total shareholders' equity</b>	<b>59,265</b>	<b>49,880</b>	<b>+ 9,385</b>	<b>+ 18.8%</b>

Shareholders' equity as of 31 December 2021 amounted to €59,265 million, an increase of €9,385 million compared to 31 December 2020, attributable to:

- -€268 million for distribution of dividends from profit reserves as approved by Shareholders' Meeting of 15 April 2021;
- -€990 million from the early redemption of the Additional Tier 1 (AT1) instruments issued in 2014, net of the related placement costs, exercising the redemption option in accordance with the relevant terms and conditions of the securities;
- +€744 million from the new issuance of Additional Tier 1 Notes recorded net of transaction cost and placement fees in item "Equity Instruments";
- -€350 million from the allocation to the reserves of the coupon paid to subscribers of Additional Tier 1 notes, net of related tax effects and transaction costs on redeemed issues;
- -€30 million from the allocation to the reserves of the cash-out connected to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for the issuance of convertible securities denominated "Cashes";
- +€67 million from the adjustment to the reserve dedicated to Equity Settled Share Based Payments;
- -€50 million for allocation to equity of realised net gains and losses from disposal of financial assets and liabilities at fair value through other comprehensive income;
- -€23 million for the reversal to equity of the actuarial gains and losses realised related to the capitalization offer relating to the Group Pension Plan;
- -€16 million for the substitute tax from the application of the tax realignment of the properties used in business under IAS16 with impact on equity.
- +€7 million for variation of the negative reserve that recognise the effects deriving from the non-sustainability of the tax benefits connected to the shareholders' equity items;
- -€179 million for the purchase of No.17,416,128 shares recognised in the item "Treasury shares" in execution of the "First Buy-Back Programme 2021" authorised by the Shareholders' meeting of 15 April 2021 and completed on 23 June 2021 and then cancelled on 4 October 2021;
- -€199 million for the purchase, till 31 December 2021, of No.15,048,642 shares recognised in the item "Treasury shares" in execution of the "Second Buy-Back Programme 2021" authorised by the Shareholders' meeting held on 15 April 2021 and initiated on 13 December 2021;
- +€10,366 million from the net result from the year, adjusted of dividend distributed by the merged company UniCredit Bank Ireland PLC (-€42 million) included in the adjusted 2020 net result;
- +€348 million to the net effect deriving from revaluation reserves, of which: +€14 million from financial assets at fair value through other comprehensive income; +€57 million from financial liabilities designated at fair value through profit or loss, due to changes in their creditworthiness; +€89 million from cash flow hedges; +€180 million from revaluation of real estate properties following the tax realignment of the properties used in business under IAS16 with impact on equity and +€8 million from defined benefit plans.

Note the following significant changes occurred in 2021 which, though reflected among the various components of shareholders' equity, did not change the overall amount thereof:

- following the resolutions of the Shareholders' Meeting of 15 April 2021 occurred: (i) coverage the entire loss from the 2020 financial year through the use of the Share Premium Reserve (€2,732 million); ii) increase of the Legal reserve (€55 million) withdrawn from Share Premium Reserve; iii) coverage of the negative reserves totaling €449 million, partly buy use of Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€322 million) and partly by use of the Statutory reserve to cover the negative reserve emerged from the cash-out related to the usufruct contract connected to the "Cashes" financial instruments (€127 million);

# Results of the year

- in execution of the resolution of the Shareholders' Meeting of 15 April 2021 authorizing the purchase of treasury shares aimed at the remuneration of the shareholders: occurred: (i) the allocation of a portion of the Share Premium Reserve (€179 million) to set up the specific unavailable reserve for the execution of the "First Buy-Back Programme 2021" concluded on 23 June 2021 with the purchase of No.17,416,128 shares for a total consideration of €179 million recorded under the item Treasury shares; (ii) the unavailable reserve was consequently used to offset the negative item Treasury shares (€181 million) following the cancellation of the shares registered on 4 October 2021, including treasury shares already held in portfolio before the start of the buy-back; (iii) for the execution of the "Second Buy-Back Programme" launched on 13 December 2021, an additional portion of the Share Premium Reserve (€652 million) was allocated to the specific unavailable reserve for the maximum amount of authorised purchases;
- the increase of €73 million in share capital following the resolution of the Board of Directors of 10 February 2021 executed through a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel.

## Shareholders

The share capital, subscribed and paid up, amounts to €21,133,469,082.48 divided into No.2,226,129,520 ordinary shares with no face value. As at 31 December 2021, according to the analyses performed using data from the content of the Register of Shareholders:

- shareholders were approximately 270,000;
- resident shareholders held around 23.59% of the capital and foreign shareholders 76.41%;
- 86.06% of the share capital is held by legal entities, the remaining 13.94% by natural persons.

At the same date, on the basis of the communications received pursuant to Art.120 of the Consolidated Law on Finance (TUF), the relevant direct or indirect investments in the share capital are listed below. The shareholders listed below hold more than 3% and they are not exempted from the reporting provided for by Art.119-bis of the CONSOB Regulation 11971/99.

### Principal UniCredit shareholders

SHAREHOLDER	ORDINARY SHARES	% OWNED
Capital Research and Management Company	139,949,297	6.287% <sup>(*)</sup>
BlackRock Group	114,907,383	5.162% <sup>(**)</sup>
Allianz SE Group	69,622,203	3.128%

**Notes:**

(\*) Discretionary asset management.

(\*\*) Non-discretionary asset management.

# Results of the year

## Treasury shares

The Shareholders' Meeting of the Company held on 15 April 2021 authorized and defined the measures for the execution of a share buy-back programme of UniCredit ordinary shares to be carried out in two distinct tranches, aimed at increasing the remuneration in favor of shareholders. The Shareholders' Meeting at the same time resolved in an extraordinary session the subsequent cancellation of treasury shares with no reduction of share capital but exclusively through a reduction in the number of existing shares and with a consequent increase in their accounting par value of the shares issued by the Company.

The first tranche of buy-back (the "First Buy-Back Programme 2021") authorized by the ECB on 12 April 2021, was launched on 11 May 2021 and completed on 23 June 2021 with the purchase of No. 17,416,128 shares for a total consideration of €179 million within the limits of the authorized amount. The shares purchased together with the treasury shares already held in the portfolio before the start of the Buy-Back program (No. 4,760) were cancelled without reducing the share capital on 4 October 2021, date of filing at the Company Register of the resolution of cancellation.

On 9 December 2021 the "Second Buy-Back Program 2021" was launched as per the authorisation granted by the abovementioned Shareholders' Meeting on 15 April 2021 for a maximum amount of €652 million and for a number of ordinary shares not exceeding 110 million. The transaction was authorized by ECB on 15 October 2021 and pursuant to the mandate granted to the Broker the purchases started on 13 December 2021 and, it is envisaged that the purchases will be completed indicatively in the first quarter of 2022.

Also, the ordinary UniCredit shares that will be acquired as part of the Second Buy-Back Programme 2021 will be subject to cancellation in execution of the resolution of the abovementioned Shareholders' Meeting.

As at 31 December 2021 following the purchase transactions carried out during the period the treasury shares in the portfolio amounted to No. 15,048,642 for a total book value of € 199 million.

# Company activities

## The commercial network

### Operating structure in Italy

During 2021, UniCredit domestic Retail Commercial Banking Network was subject to the closure of 170 branches.

The structure of the domestic network at 31 December 2021 consisted of a total of 2,378 branches, of which 2,059 belonging to Retail Commercial Banking Network.

On that date, following the initiatives described above and a small-scale branch re-organization and optimization resulting from the ongoing streamlining process of organizational units, the Italian distribution network was structured as follows.

#### Italian branch network

REGION	NUMBER OF BRANCHES AT 12.31.2021	% BREAKDOWN
- Piedmont	242	10.2%
- Valle d'Aosta	12	0.5%
- Lombardy	283	11.9%
- Liguria	45	1.9%
- Trentino Alto Adige	37	1.6%
- Veneto	288	12.1%
- Friuli Venezia Giulia	75	3.2%
- Emilia Romagna	316	13.3%
- Tuscany	103	4.3%
- Umbria	55	2.3%
- Marche	47	2.0%
- Lazio	319	13.4%
- Abruzzo	24	1.0%
- Molise	19	0.8%
- Campania	118	4.9%
- Puglia	91	3.8%
- Basilicata	7	0.3%
- Calabria	21	0.9%
- Sicily	241	10.1%
- Sardinia	35	1.5%
<b>Total branches</b>	<b>2,378</b>	<b>100.0%</b>

### Branches and representatives abroad

At 31 December 2021 UniCredit S.p.A. had seven branches abroad, plus a Permanent Establishment in Vienna and three Representative offices.

#### UniCredit S.p.A. international network as at 12.31.2021

BRANCHES	PERMANENT ESTABLISHMENT	REPRESENTATIVE OFFICES
PRC - Shanghai	AUSTRIA - Wien	BELGIUM - Brussels
GERMANY - Munich		PRC - Beijing
UNITED KINGDOM - London		INDIA - Mumbai
UNITED STATES - New York		
FRANCE - Paris		
SPAIN - Madrid		
UNITED ARAB EMIRATES - Abu Dhabi		



# Company activities

## Resources

### Personnel developments

At 31 December 2021, UniCredit S.p.A.'s headcount is No.32,262 compared to No.33,842 at 31 December 2020. The decrease in resources is mainly due to Restructuring Plan.

#### Category

	12.31.2021		12.31.2020		CHANGE	
	TOTAL	OF WHICH: OUTSIDE ITALY	TOTAL	OF WHICH: OUTSIDE ITALY	IN TOTAL	PERCENT
Senior Management	655	4	709	6	-54	- 7.6%
Management - 3 <sup>rd</sup> and 4 <sup>th</sup> grade	6,584	31	6,866	41	-282	- 4.1%
Management - 1 <sup>st</sup> and 2 <sup>nd</sup> grade	10,038	2	10,655	6	-617	- 5.8%
Other Staff	14,985	-	15,612	4	-627	- 4.0%
<b>Total</b>	<b>32,262</b>	<b>37</b>	<b>33,842</b>	<b>57</b>	<b>-1,580</b>	<b>- 4.7%</b>
<i>of which, Part-time staff</i>	<i>4,755</i>	<i>-</i>	<i>5,030</i>	<i>-</i>	<i>-275</i>	<i>- 5.5%</i>

The composition of the workforce by seniority and by age bracket is shown in the following tables. With respect to educational level, 39% of UniCredit S.p.A. employees have university degrees (mostly in the areas of economics and banking, or law). Women make up 50% of personnel.

#### Breakdown by seniority

	12.31.2021		12.31.2020		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 10	4,377	13.6%	4,209	12.4%	+168	+ 4.0%
From 11 to 20 years	11,481	35.6%	12,746	37.7%	-1,265	- 9.9%
From 21 to 30 years	9,071	28.1%	9,276	27.4%	-205	- 2.2%
Over 30	7,333	22.7%	7,611	22.5%	-278	- 3.7%
<b>Total</b>	<b>32,262</b>	<b>100.0%</b>	<b>33,842</b>	<b>100.0%</b>	<b>-1,580</b>	<b>- 4.7%</b>

#### Breakdown by age

	12.31.2021		12.31.2020		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 30	1,644	5.1%	1,458	4.3%	+186	+ 12.8%
From 31 to 40 years	3,971	12.3%	4,693	13.9%	-722	- 15.4%
From 41 to 50 years	11,899	36.9%	12,398	36.6%	-499	- 4.0%
Over 50	14,748	45.7%	15,293	45.2%	-545	- 3.6%
<b>Total</b>	<b>32,262</b>	<b>100.0%</b>	<b>33,842</b>	<b>100.0%</b>	<b>-1,580</b>	<b>- 4.7%</b>

With regard to training, managerial growth, union relations, environment and occupational safety, refer to the Integrated Report. This document, published on the institutional website, describes how UniCredit creates sustainable value that has a positive impact on society by supporting the advancement of local communities, the competitiveness of enterprises and the well-being of individuals. The Integrated Report of UniCredit constitutes a Non-Financial Statement pursuant to articles 3 and 4 of Legislative Decree 254/2016.

## Other information

### Group activities development operations and other corporate transactions

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group with specific reference to events relating to the parent company UniCredit S.p.A. which is herewith quoted entirely.

### Conversion of Deferred tax assets (DTAs) into tax credits

The 2020 financial year closed with a loss in the Income statement of €2,732 million; therefore, there were the conditions for carrying out a new transformation of deferred tax assets (DTAs) into tax credits pursuant to Art.2, par.55 of the Law Decree of 29 December 2010 No.225, converted into Law No.10/2011.

The amount of the conversion carried out is equal to €384 million.

The 2021 financial year closed with a profit in the Income statement of €10,366 million; therefore, the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits are not verified again.

### Certifications and other communications

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group which is herewith quoted entirely. For more information on related-party transactions refer to Notes to the accounts - Part H.

### Information on risks

For a complete description of the risks and uncertainties that the Bank must face under the current market conditions, refer to the appropriate section in the Company financial statements - Notes to the accounts - Part E - Information on risks and hedging policies.

## Subsequent events and outlook

### Subsequent events<sup>73</sup>

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group with specific reference to events relating to the parent company UniCredit S.p.A. which is herewith quoted entirely.

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<sup>73</sup> Up to the date of approval by the Board of Directors' Meeting of 15 February 2022 which, on the same date, authorised the publication also in accordance with IAS10.

## Subsequent events and outlook

### Outlook

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group which is herewith quoted entirely.

Milan, 15 February 2022

CHAIRMAN  
PIETRO CARLO PADOAN



THE BOARD OF DIRECTORS

CEO  
ANDREA ORCEL



**Protecting our most vulnerable: Doubravčice's Centrum péče Doubrava is a pillar of its local community, providing dignity in old age and peace of mind for families; we helped the facility expand.**

**Our Clients**

Centrum Péče Doubrava  
Czech Republic

Curious to know more? Check out the entire story (and others!) on [annualreport.unicredit.eu/en](https://annualreport.unicredit.eu/en)



# Proposal to Shareholders' Meeting

For the proposals to Shareholders' Meeting refer to the specific Board of Directors' reports in relation to the allocation of the 2021 result.





## Company accounts

## Balance sheet

(€)

ASSETS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
10. Cash and cash balances	72,829,812,085	63,334,055,786
20. Financial assets at fair value through profit or loss:	20,003,480,033	15,699,098,083
a) financial assets held for trading	13,939,387,043	11,237,904,889
b) financial assets designated at fair value	118,761,840	109,114,509
c) other financial assets mandatorily at fair value	5,945,331,150	4,352,078,685
30. Financial assets at fair value through other comprehensive income	36,463,996,896	33,836,949,616
40. Financial assets at amortised cost:	267,821,515,912	278,308,461,843
a) loans and advances to banks	37,374,176,488	39,897,983,825
b) loans and advances to customers	230,447,339,424	238,410,478,018
50. Hedging derivatives	4,362,041,125	6,132,397,195
60. Changes in fair value of portfolio hedged items (+/-)	1,357,769,084	2,435,082,120
70. Equity investments	38,413,600,378	33,724,891,672
80. Property, plant and equipment	3,806,448,590	3,998,577,233
90. Intangible assets	6,528,260	6,372,002
<i>of which: goodwill</i>	-	-
100. Tax assets:	11,142,285,296	10,663,920,555
a) current	1,678,879,343	1,483,987,924
b) deferred	9,463,405,953	9,179,932,631
110. Non-current assets and disposal groups classified as held for sale	1,908,830,762	254,774,468
120. Other assets	3,837,093,506	3,674,627,493
<b>Total assets</b>	<b>461,953,401,927</b>	<b>452,069,208,066</b>

(€)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	12.31.2021	12.31.2020
10. Financial liabilities at amortised cost:	370,017,093,491	369,225,204,102
a) deposits from banks	86,265,278,414	89,285,766,223
b) deposits from customers	226,028,294,617	220,920,624,932
c) debt securities in issue	57,723,520,460	59,018,812,947
20. Financial liabilities held for trading	13,635,976,184	9,670,505,609
30. Financial liabilities designated at fair value	4,111,399,264	4,862,736,730
40. Hedging derivatives	4,843,498,108	6,030,861,691
50. Value adjustment of hedged financial liabilities (+/-)	659,811,966	3,431,509,272
60. Tax liabilities:	12,677,251	2,809,477
a) current	12,677,251	2,809,477
b) deferred	-	-
70. Liabilities associated with assets classified as held for sale	-	-
80. Other liabilities	6,942,693,418	6,730,685,023
90. Provision for employee severance pay	491,354,326	557,100,156
100. Provisions for risks and charges:	1,973,796,553	2,064,975,425
a) commitments and guarantees given	419,149,560	441,728,315
b) post-retirement benefit obligations	60,879,383	97,888,217
c) other provisions for risks and charges	1,493,767,610	1,525,358,893
110. Valuation reserves	793,718,204	395,151,135
120. Redeemable shares	-	-
130. Equity instruments	6,594,697,039	6,841,367,977
140. Reserves	15,130,046,727	14,544,629,034
150. Share premium	5,446,439,577	9,386,387,772
160. Share capital	21,133,469,082	21,059,536,950
170. Treasury shares (-)	(199,465,013)	(2,440,001)
180. Profit (Loss) of the year (+/-)	10,366,195,750	(2,731,812,286)
<b>Total Liabilities and Shareholders' Equity</b>	<b>461,953,401,927</b>	<b>452,069,208,066</b>

## Company accounts

## Income statement

ITEMS	YEAR	
	2021	2020
10. Interest income and similar revenues	4,406,800,247	4,584,552,286
<i>of which: interest income calculated with the effective interest method</i>	3,951,327,325	4,452,942,384
20. Interest expenses and similar charges	(1,244,296,294)	(1,153,325,215)
<b>30. Net interest margin</b>	<b>3,162,503,953</b>	<b>3,431,227,071</b>
40. Fees and commissions income	4,636,607,064	4,074,338,813
50. Fees and commissions expenses	(543,975,156)	(537,094,618)
<b>60. Net fees and commissions</b>	<b>4,092,631,908</b>	<b>3,537,244,195</b>
70. Dividend income and similar revenues	891,546,809	3,693,404,203
80. Net gains (losses) on trading	385,136,776	167,212,579
90. Net gains (losses) on hedge accounting	(7,234,979)	4,280,686
100. Gains (Losses) on disposal and repurchase of:	155,021,630	155,937,195
a) financial assets at amortised cost	72,577,153	123,617,570
b) financial assets at fair value through other comprehensive income	93,132,487	22,610,031
c) financial liabilities	(10,688,010)	9,709,594
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(38,787,790)	136,961,936
a) financial assets/liabilities designated at fair value	(107,842,189)	86,790,079
b) other financial assets mandatorily at fair value	69,054,399	50,171,857
<b>120. Operating income</b>	<b>8,640,818,307</b>	<b>11,126,267,865</b>
130. Net losses/recoveries on credit impairment relating to:	(989,728,559)	(2,743,897,700)
a) financial assets at amortised cost	(975,307,250)	(2,732,716,148)
b) financial assets at fair value through other comprehensive income	(14,421,309)	(11,181,552)
140. Gains/Losses from contractual changes with no cancellations	(3,253,698)	(6,743,988)
<b>150. Net profit from financial activities</b>	<b>7,647,836,050</b>	<b>8,375,626,177</b>
160. Administrative expenses:	(5,437,078,545)	(6,368,532,718)
a) staff costs	(2,936,555,633)	(3,937,212,879)
b) other administrative expenses	(2,500,522,912)	(2,431,319,839)
170. Net provisions for risks and charges:	(118,169,212)	(156,990,487)
a) commitments and financial guarantees given	22,471,848	(27,020,910)
b) other net provisions	(140,641,060)	(129,969,577)
180. Net value adjustments/write-backs on property, plant and equipment	(337,537,874)	(354,403,329)
190. Net value adjustments/write-backs on intangible assets	(3,102,213)	(2,372,244)
200. Other operating expenses/income	325,523,690	209,740,829
<b>210. Operating costs</b>	<b>(5,570,364,154)</b>	<b>(6,672,557,949)</b>
220. Gains (Losses) of equity investments	7,363,880,297	(4,741,766,941)
230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(8,593,112)	(6,604,998)
240. Goodwill impairment	-	-
250. Gains (Losses) on disposals on investments	(667,793)	4,761,237
<b>260. Profit (Loss) before tax from continuing operations</b>	<b>9,432,091,288</b>	<b>(3,040,542,474)</b>
270. Tax expenses (income) for the year from continuing operations	934,104,462	308,730,188
<b>280. Profit (Loss) after tax from continuing operations</b>	<b>10,366,195,750</b>	<b>(2,731,812,286)</b>
290. Profit (Loss) after tax from discontinued operations	-	-
<b>300. Profit (Loss) of the year</b>	<b>10,366,195,750</b>	<b>(2,731,812,286)</b>

## Company accounts

## Statement of other comprehensive income

ITEMS	YEAR	
	2021	2020
<b>10. Profit (Loss) of the year</b>	<b>10,366,195,750</b>	<b>(2,731,812,286)</b>
<b>Other comprehensive income after tax not reclassified to profit or loss</b>	<b>335,541,537</b>	<b>(187,368,628)</b>
20. Equity instruments designated at fair value through other comprehensive income	90,993,107	(108,121,829)
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	56,905,785	(72,870,935)
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	181,775,660	7,618,184
60. Intangible assets	-	-
70. Defined-benefit plans	7,425,121	(13,613,922)
80. Non-current assets and disposal groups classified as held for sale	(1,558,136)	(380,126)
90. Portion of valuation reserves from investments valued at equity method	-	-
<b>Other comprehensive income after tax reclassified to profit or loss</b>	<b>12,989,640</b>	<b>110,467,836</b>
100. Foreign investments hedging	-	-
110. Foreign exchange differences	-	-
120. Cash flow hedging	88,931,233	(72,066,041)
130. Hedging instruments (non-designated items)	-	-
140. Financial assets (different from equity instruments) at fair value through other comprehensive income	(75,941,593)	182,533,877
150. Non-current assets and disposal groups classified as held for sale	-	-
160. Part of valuation reserves from investments valued at equity method	-	-
<b>170. Total other comprehensive income after tax</b>	<b>348,531,177</b>	<b>(76,900,792)</b>
<b>180. Other comprehensive income (Item 10+170)</b>	<b>10,714,726,927</b>	<b>(2,808,713,078)</b>

## Company accounts

## Statement of changes in the shareholders' equity as at 31 December 2021

(e)

	BALANCE AS AT 12.31.2020	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2021	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR								SHAREHOLDERS' EQUITY AS AT 12.31.2021
						CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS						OTHER COMPREHENSIVE INCOME 2021	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS		ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS		
Share capital:	21,059,536,950	-	21,059,536,950	-	-	-	73,932,132	-	-	-	-	-	-	21,133,469,082
- ordinary shares	21,059,536,950	-	21,059,536,950	-	-	-	73,932,132	-	-	-	-	-	-	21,133,469,082
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	9,386,387,772	-	9,386,387,772	(2,731,812,286)	-	(1,208,135,909)	-	-	-	-	-	-	-	5,446,439,577
Reserves:	14,544,629,035	-	14,544,629,035	-	-	860,069,879	(73,932,132)	-	(268,064,401)	-	-	67,344,346	-	15,130,046,727
- from profits	9,663,322,672	-	9,663,322,672	-	-	102,793,080	(73,932,132)	-	(268,064,401)	-	-	-	-	9,424,119,219
- other	4,881,306,363	-	4,881,306,363	-	-	757,276,799	-	-	-	-	-	67,344,346	-	5,705,927,508
Valuation reserves	395,151,135	-	395,151,135	-	-	50,035,892	-	-	-	-	-	-	348,531,177	793,718,204
Equity instruments	6,841,367,977	-	6,841,367,977	-	-	-	-	-	-	(246,670,938)	-	-	-	6,594,697,039
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	181,128,527	(378,153,539)	-	-	-	-	-	(199,465,013)
Profit (Loss) for the year	(2,731,812,286)	-	(2,731,812,286)	2,731,812,286	-	-	-	-	-	-	-	-	10,366,195,750	10,366,195,750
Shareholders' equity	49,492,820,582	-	49,492,820,582	-	-	(298,030,138)	181,128,527	(378,153,539)	(268,064,401)	(246,670,938)	-	67,344,346	10,714,726,927	59,265,101,366

The changes in the year of the item "Treasury shares" refer to the purchases of UniCredit ordinary shares executed under the share buy-back programs and the subsequent cancellation of the shares purchased with no reduction in the nominal share capital, as per the authorisation granted by the Shareholders' Meeting on 15 April 2021; the positive change due to the cancellation of the treasury shares is conventionally reported in the column "issue of new shares".

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares connected with the ESOP Plans and other Group Executive Incentive Plans.

## Company accounts

## Statement of changes in the shareholders' equity as at 31 December 2020

(€)

	BALANCE AS AT 12.31.2019	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2020	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR								SHAREHOLDERS' EQUITY AS AT 12.31.2020
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS						OTHER COMPREHENSIVE INCOME 2020	
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS		
Share capital:	20,994,799,962	-	20,994,799,962	-	-	-	64,736,988	-	-	-	-	-	-	21,059,536,950
- ordinary shares	20,994,799,962	-	20,994,799,962	-	-	-	64,736,988	-	-	-	-	-	-	21,059,536,950
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	13,224,956,198	-	13,224,956,198	(555,260,165)	-	(3,283,308,261)	-	-	-	-	-	-	-	9,386,387,772
Reserves:	11,783,312,155	-	11,783,312,155	-	-	2,775,704,673	(64,736,988)	-	-	-	-	50,349,195	-	14,544,629,035
- from profits	7,108,142,661	-	7,108,142,661	-	-	2,619,916,999	(64,736,988)	-	-	-	-	-	-	9,663,322,672
- other	4,675,169,494	-	4,675,169,494	-	-	155,787,674	-	-	-	-	-	50,349,195	-	4,881,306,363
Valuation reserves	472,051,927	-	472,051,927	-	-	-	-	-	-	-	-	-	(76,900,792)	395,151,135
Equity instruments	5,601,632,491	-	5,601,632,491	-	-	-	-	-	-	1,239,735,486	-	-	-	6,841,367,977
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Profit (Loss) for the year	(555,260,165)	-	(555,260,165)	555,260,165	-	-	-	-	-	-	-	-	(2,731,812,286)	(2,731,812,286)
Shareholders' equity	51,519,052,567	-	51,519,052,567	-	-	(507,603,588)	-	-	-	1,239,735,486	-	50,349,195	(2,808,713,078)	49,492,820,582



## Company accounts

## Cash flow statement (indirect method)

	YEAR	
	2021	2020
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations:</b>	<b>3,630,051,609</b>	<b>3,575,357,423</b>
- profit (loss) for the year (+/-)	10,366,195,750	(2,731,812,286)
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	(559,589,459)	179,192,162
- gains (losses) on hedge accounting (-/+)	7,234,979	(4,280,686)
- net impairment losses/writebacks on impairment for credit risk (+/-)	2,064,315,920	3,418,668,977
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	349,233,199	363,380,571
- net provisions for risks and charges and other expenses/income (+/-)	84,355,926	33,374,735
- unpaid duties, taxes and tax credits (+/-)	(943,037,396)	(315,377,521)
- impairment/write-backs after tax on discontinued operations (+/-)	-	-
- other adjustments (+/-)	(7,738,657,310)	2,632,211,471
<b>2. Liquidity generated/absorbed by financial assets:</b>	<b>1,327,652,073</b>	<b>15,782,715,193</b>
- financial assets held for trading	(270,646,876)	2,183,826,420
- financial assets designated at fair value	(16,213,945)	(108,302,108)
- other financial assets mandatorily at fair value	(1,559,424,256)	(2,329,906,659)
- financial assets at fair value through other comprehensive income	(6,372,999,587)	(2,303,229,798)
- financial assets at amortised cost	10,127,043,719	17,967,980,852
- other assets	(580,106,982)	372,346,486
<b>3. Liquidity generated/absorbed by financial liabilities:</b>	<b>4,951,625,636</b>	<b>35,677,430,537</b>
- financial liabilities at amortised cost	(949,514,933)	40,099,523,084
- financial liabilities held for trading	2,140,187,643	(4,712,853,576)
- financial liabilities designated at fair value	(770,771,919)	1,076,083,489
- other liabilities	4,531,724,845	(785,322,460)
<b>Net liquidity generated/absorbed by operating activities</b>	<b>9,909,329,318</b>	<b>55,035,503,153</b>
<b>B. INVESTMENT ACTIVITIES</b>		
<b>1. Liquidity generated by:</b>	<b>976,712,387</b>	<b>4,117,963,523</b>
- sales of equity investments	92,834,592	448,174,454
- collected dividends on equity investments	837,400,618	3,645,469,760
- sales of property, plant and equipment	46,477,177	24,319,309
- sales of intangible assets	-	-
- sales of business units	-	-
<b>2. Liquidity absorbed by:</b>	<b>(126,176,041)</b>	<b>(346,751,100)</b>
- purchases of equity investments	(18,402,127)	(215,556,850)
- purchases of property, plant and equipment	(104,856,654)	(126,598,885)
- purchases of intangible assets	(2,917,260)	(4,595,365)
- purchases of business units	-	-
<b>Net liquidity generated/absorbed by investment activities</b>	<b>850,536,346</b>	<b>3,771,212,423</b>
<b>C. FUNDING ACTIVITIES</b>		
- issue/purchase of treasury shares	(378,153,540)	-
- issue/purchase of equity instruments	(256,110,946)	1,239,735,486
- dividend distribution and other	(770,581,260)	(577,141,311)
<b>Net liquidity generated/absorbed by funding activities</b>	<b>(1,404,845,746)</b>	<b>662,594,175</b>
<b>NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR</b>	<b>9,355,019,918</b>	<b>59,469,309,751</b>

Key:  
(+) generated;  
(-) absorbed.

## Company accounts

### Reconciliation

ITEMS	YEAR	
	2021	2020
Cash and cash balances at the beginning of the year	63,334,055,786	3,934,040,177
Net liquidity generated/absorbed in the year	9,355,019,918	59,469,309,751
Cash and cash balances: foreign exchange effect	140,736,381	(69,294,142)
Cash and cash balances at the end of the year	72,829,812,085	63,334,055,786

The item "Cash and cash balances" refers to the definition according to Banca d'Italia (Circular No.262 of 22 December 2005 and subsequent amendments) and is mainly related to "Current accounts and Demand deposits with Central Banks" for €70 billion.



## Part A - Accounting policies

### A.1 - General

#### Section 1 - Statement of compliance with IFRS

These Company financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to 31 December 2021, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through Legislative Decree No.38 of 28 February 2005 (see Section 4 - Other matters).

These financial statements are an integral part of the Annual financial statements as required by Art.154-ter, par.1 of the Single Finance Act (Consolidated Law on Finance - TUF, Legislative Decree No.58 of 24 February 1998).

In Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments), with regard to the banks and financial institutions subject to supervision, Banca d'Italia has established the formats for the financial statements and Notes to the accounts used to prepare these Company financial statements.

Banca d'Italia issued on 29 October 2021 the 7th update of its Circular No.262 that amends the formats of certain tables of the Notes to the accounts and preparation rules with the main objective to align financial statements information with Regulatory reporting (FINREP).

Such update has been integrated by the 21 December 2021 Banca d'Italia Communication "Update of integration to Circular No.262 requirements - Banks financial statements: schemes and compilation rules" which has updated the information to be reported with regard to impacts coming from Covid-19 and related relief and support measures.

#### Section 2 - General Preparation Criteria

As mentioned above, these "Company financial statements as at 31 December 2021" have been prepared in accordance with the international accounting standards endorsed by the European Commission.

The following documents have been used to interpret and support the application of such accounting standards, even though they have not all been endorsed by the European Commission:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and the documents prepared by either the IASB (including the IFRS Foundation communication of 27 March 2020 concerning "IFRS9 and Covid-19") or the International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretative documents on the application of the IAS/IFRS in Italy prepared by the Organismo Italiano di Contabilità (the Italian Standard Setter; OIC) and Associazione Bancaria Italiana (Italian Banking Association, that is the trade association of Italian banks; ABI);
- Coordination Table between Banca d'Italia, Consob ed Ivass with regard to the application of IAS/IFRS, in particular the Document n.9, dated 5 January 2021, Accounting Treatment of tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers ("Trattamento contabile dei crediti d'imposta connessi con i Decreti Legge "Cura Italia" e "Rilancio" acquistati a seguito di cessione da parte dei beneficiari diretti o di precedenti acquirenti");
- ESMA (European Securities and Markets Authority), European Banking Authority, European Central Bank and Consob documents on the application of specific IAS/IFRS provisions also with specific reference to the presentation of the effects arising from Covid-19 pandemic and their effects on the evaluation processes. In particular, it shall be made reference to the ESMA statements dated 25 March 2020, 20 May 2020, 28 October 2020 and 29 October 2021, to the European Central Bank statements dated 1 April 2020 and 4 December 2020, to the European Banking Authority statements dated 25 March 2020, 2 April 2020, 2 June 2020 and 2 December 2020, and to Consob "Call for attention" dated 16 February 2021. The content of these statements, when relevant, has been reported in "Section 4 - Other matters" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies, A.1 General, in the context of the description of the evaluation choices made by the Bank as at 31 December 2021.

The Company financial statements include the Balance sheet, the Income statement, the Statement of other comprehensive income, the Statement of changes in shareholders' equity, the Cash flow statement (compiled using the "indirect method") and the Notes to the accounts, together with the Report on operations and Annexes. The schemes and Notes of the "Company financial statements as at 31 December 2021" are in line with Banca d'Italia templates as prescribed by Circular 262 dated 22 December 2005 (7th update of 29 October 2021) as well as 21 December 2021 communication on impacts of Covid-19 and measures to support the economy, and they present comparative figures, as at 31 December 2020. More specifically, 2020 comparative figures have been recasted, when required, in order to reflect the mentioned Banca d'Italia Circular 262 updates. Main changes relate to (i) the reclassification of sight deposits and Current accounts toward Banks and Central Banks into item Cash and cash balances, (ii) the specific and separate disclosure of Financial assets purchased or originated credit impaired, (iii) the disclosure in the tables reporting Covid-19 measures of the loans under moratorium no longer compliant to the Guidelines requirements and not valued as forborne exposure and (iv) the update of the tables related to commissions.

Unless otherwise specified, figures in the Company accounts are given in units of euro and the Notes to the accounts in millions of euros.

## Part A - Accounting policies

### Risks and uncertainty relating to the use of estimates

Under the IFRS, management must make judgments, estimates and assumptions that affect the application of accounting principles and the amounts of assets/liabilities and income and expenses reported in the accounts, as well as the disclosure concerning contingent assets and liabilities.

Estimates and related assumptions are based on previous experience and on the available information framework with reference to the current and expected context and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.

Estimates and assumptions are regularly reviewed. Any change resulting from these reviews is recognised in the period in which the review was carried out, provided the change only concerns that period. If the review concerns both current and future periods, it is recognised accordingly in both current and future periods.

In particular, estimated figures have been used for the recognition and measurement of some of the main items in the Company financial statements as at 31 December 2021, as required by the accounting policies, statements and regulations described above.

The current market environment continues to be affected by an increased risk of a lower predictivity of the macro-economic projections arising from a substantial degree of uncertainty about the evolution of the pandemic and the consequent uncertainty of predicting timing and extent of the economic recovery which may occur in future periods. Such uncertainty is still persisting as at 31 December 2021 as also highlighted by ECB Macro-economic projections of September 2021<sup>74</sup> that report that GDP is showing positive growth rate for next years. However, the projected increase in global growth shall be assessed against the backdrop of: (i) persistent supply bottlenecks and (ii) low vaccine rates in many Eastern Europe countries. These factors act as headwinds to growth, and weigh especially on more fragile economies, where progress on vaccination remains limited.

ECB updated its macroeconomic projections in December 2021<sup>75</sup> highlighting an increase in the uncertainty about the magnitude and the timing of economic recovery. Indeed, the ECB macroeconomic projections published by mid-December have noted that sharply rising rates of coronavirus (Covid-19) infections in several euro area countries led to a renewal of restrictions and heightened uncertainty about the duration of the pandemic. The emergence of the Omicron variant has added to this uncertainty. Moreover, supply bottlenecks have intensified and are expected to last longer, only gradually dissipating from the second quarter of 2022 and fully unwinding by 2023. Compared with the September 2021 projections, the intensified global supply bottlenecks and tighter pandemic-related restrictions have led to a downward revision to growth in the short term. Additionally, ESMA issued a public statement ("European common enforcement priorities for 2021 Annual Financial Reports") in which it reiterated the messages already included in its 2020 Public Statement also with reference to impairment of assets.

In the context of persisting uncertainty explained above and considering the aforementioned ESMA communication, UniCredit has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of Company financial statements as at 31 December 2021. 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 (e.g. gross domestic product, interest rates); in this respect:

- with reference to the sustainability test of equity investments in subsidiaries and deferred tax assets, a worst-case scenario ("Downturn") was defined, reflecting a downward forecast of the expected profitability of the business;
- with reference to the valuation of credit exposures (IFRS9), two alternative scenarios ("Positive" and "Negative" vis-à-vis the "Baseline" scenario) were defined; such alternative scenarios provide for different assessments regarding the expected trend of the parameters that can influence the assessment of the prospective credit risk.

The paragraphs below provide a detailed description of the characteristics associated with the above scenarios.

### Investments in subsidiaries and deferred tax assets

As shown above and in light of the aforementioned considerations, UniCredit has defined certain macro-economic scenarios, used for the measurement of equity investments in subsidiaries and deferred tax assets:

- Baseline scenario: it is the scenario, prepared in September 2021 and used for UniCredit Unlocked 2022 - 2024 strategic plan approved by the Board of Directors in the meeting held on 8 December 2021. Such scenario assumes that in terms of macro-economic conditions the recovery in the economic activity continues, showing resilience to any renewed intensification of the pandemic.

This is consistent with the view that the economic damage of new waves of Covid-19 tends to become progressively smaller. Fiscal policy gradually normalizes while remaining supportive and households can count on high savings accumulated during the pandemic. In Western Europe (WE), overall, Countries would be on track for solid expansion in 2022, followed by a slowdown in growth rates towards potential in 2023-24.

Central Europe (CE) and Eastern Europe (EE) economies would be on track for solid expansion in 2022, followed by a slowdown in growth rates in 2023-24 similarly to Western Europe Countries. In EU-CEE and the Western Balkans the growth rates will be supported also by EU funding. With reference to FX rates, the Baseline scenario envisages a gradual appreciation of the CZK and a mild depreciation for the RON, the HUF and the RSD.

<sup>74</sup> European Central Banks Macroeconomic projections September 2021.

<sup>75</sup> European Central Banks Macroeconomic projections December 2021.

## Part A - Accounting policies

For the RUB, the exchange rate vs. the EUR is expected to increase somewhat in 2022, fall slightly in 2023 and remain broadly stable in 2024. Inflation would decelerate as supply-demand imbalances triggered by the pandemic fade and base effects lower energy inflation. Central banks are willing to look through temporary inflation spikes and remain accommodative as fiscal stimulus works its way through the economy. In terms of monetary policy, in the Eurozone, PEPP purchases are phased out in 2022 but traditional Quantitative Easing (QE) remains supportive. The phasing-out of stimulus is likely to happen gradually, consistently with the muted inflation outlook over the medium term. In CE & EE, in 2022, the scenario assumes further hikes in almost all countries while in Russia a first reduction in interest rates is expected as inflation declines. With reference to Interest rate, as central banks remain firmly accommodative, short term and Money Market rates are expected to remain close to present levels. Along with the pick-up in economic activity and the more general improvement in risk sentiment, long maturity yields are expected to rise, more pronouncedly in the US while more gradually in the Eurozone. This will lead to somewhat steeper curves. The 10Y BTP-Bund spread is expected to stabilise as less supportive stance from the ECB is offset by improving macro fundamentals, amid still abundant liquidity.

- “Downturn” scenario: this scenario embeds stressed macro-economic conditions when compared to the “Baseline” considering the possible implications of having to live with Covid-19 well into the medium term. The motivation is twofold: (i) first, vaccinations, although critical in the fight, will not, on their own, put an end to the virus’s circulation; (ii) second, constraints on vaccine availability and vaccine hesitancy mean that there is likely to be a significant number of unvaccinated people for an extended period. In addition to the direct demand impact of reduced mobility, structural changes will be needed to minimise the impact of the virus over the medium term.

For WE the narrative above translates into a Lower GDP growth due to the vaccine hesitancy assumed to persist in the medium term. After GDP rebound in 2021, WE Countries GDP would grow 1%, 1.2% and 0.4% less than Baseline in 2022-2024 respectively. For CE & EE the growth shock is assumed to be ca -1% for the region in 2022 while the vaccination campaign is expected to speed up, and approx. respectively -0.8% for CE and -0.6% for EE in 2023 with the majority of the population covered by the vaccine.

In 2024 the real GDP is expected to stay -0.4% below the Baseline. For Russian Ruble it is assumed a depreciation over time, considering the typical volatility in the downturn economic cycles. With reference to inflation, faster growth in demand relative to the output expansion in second half 2021 could create a risk of a moderate inflation pressure (including higher oil prices) and allow businesses to pass higher costs onto consumers. That risk is partially mitigated by economic slowdown, so that inflation level in most of the Countries assumed ca. +0.3% compared to Baseline. With reference to Interest rate, no tensions are assumed in Money Market rates with a flattish 3M Euribor till 2024, considering a lower banking loan dynamic and still accommodative ECB measures.

The weak recovery in economic activity together with the QE provided by central banks slow down significantly the repricing in long-maturity yields and contribute to keeping the curve relatively flat. BTP credit spread continues to benefit from the supportive ECB stance in the short term, but it is expected to widen over time considering the increase of public debt and the tapering of ECB measures in 2023 and 2024.

The table below shows the most significant macro-economic data characterising the “Baseline” and “Downturn” scenarios, also in order to highlight the different assumptions underlying these scenarios.

INTEREST RATES AND YIELD ENVIRONMENT, EoP%		2021(*)	2022	2023	2024
Baseline Scenario 2021	Euribor 3M (bps)	(54)	(52)	(50)	(47)
	Mid Swap 10Y (bps)	15	30	45	60
	Spread BTP - Bund (bps)	90	125	125	125
	<b>Real GDP growth y/y, %</b>				
	Italy	6.1	4.2	1.9	1.2
	Germany	3.0	5.0	2.2	1.7
	Central Europe(**)	4.4	4.8	3.1	2.6
	Eastern Europe(***)	4.7	3.0	2.7	2.6
Downturn Scenario 2021	Euribor 3M (bps)	-	(54)	(54)	(54)
	Mid Swap 10Y (bps)	-	20	25	30
	Spread BTP - Bund (bps)	-	150	180	200
	<b>Real GDP growth y/y, %</b>				
	Italy	-	3.2	0.7	0.8
	Germany	-	4.0	1.0	1.3
	Central Europe(**)	-	3.8	2.3	2.2
	Eastern Europe(***)	-	2.0	2.1	2.2

**Notes:**

(\*) Data 2021 are shown only for the Baseline scenario for information purposes, data referred to the real GDP for Western Europe and the CEE are forecasts prepared during the fourth quarter of 2021.

(\*\*) Includes Austria.

(\*\*\*) Include Russia.



## Part A - Accounting policies

With reference to equity investments in subsidiaries and deferred tax assets, the measurement is significantly influenced by assumptions on future cash flows, which in turn incorporate assumptions on the evolution of the macro-economic scenario. As a result, for the measurement and with the aim to reflect the aforementioned degree of uncertainty, pursuant to requirements of ESMA public statement of 29 October 2021, both the scenarios outlined above have been considered. In particular, the future cash flows have been estimated by weighting the "Baseline" scenario and the "Downturn" scenario with a higher probability attributed to the "Baseline" scenario (respectively 60% vs. 40%).

Moreover, additional parameters bring impacts on the measurement of DTA such as the volatility of expected results and the confidence level used. In the context of measurement as at 31 December 2021, the evaluation of these items has been updated through the redetermination, if needed, of the underlying parameters.

For further information on the methodology, results and base assumptions used in the impairment test of investments in subsidiaries and deferred tax assets, refer respectively to sections "Section 7 - Equity investments - Item 70" and "Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities)" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheet - Assets.

The results of these evaluation might be subject to changes not foreseeable at the moment depending on the evolution of the pandemic, the effect of the relief measures adopted and, ultimately, on the degree of the economic recovery. Possible deviations of the actual economic recovery compared with the assumptions which form the basis of the evaluations might require a re-determination of the parameters used for valuation purposes, in particular with regard to the future cash flows, and the consequent change in the valuation.

### Measurement of Real estate portfolio

Always with reference to the valuation of the non-financial assets, it is worth to mention the valuation of the real estate portfolio which has become relevant following the adoption, starting from 31 December 2019, of the fair value model (assets held for investment) and the revaluation model (assets used in the business). For these assets, on 31 December 2021, the fair value has been determined through external appraisals. Further information has been reported in the paragraph "Section 8 - Tangible assets - Item 80" of the Notes to the accounts, Part B - Balance sheet - Assets.

In this context it is worth to note that - in the upcoming financial years - the fair value of these assets might be different from the fair value observed as at 31 December 2021 as a result of the possible evolution of real estate market which will also depend on the new practice, in terms of remote working, that could prevail once the lock-down measures will be lifted.

### Measurement of Credit Exposures

With reference to credit exposures, the slow-down of the economic activity resulting from the pandemic Covid-19 and the associated lock-down measures have also affected the estimates on their recoverability and the calculation of the associated loan loss provisions. In this regard it must be noted that the amount of loan loss provisions is determined considering the classification, current and expected, of credit exposures as non-performing, the sale prices, for those non performing exposure whose recovery is expected through sale to external counterparties, and credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with IFRS9, incorporates, among other factors, forward looking information and the expected evolution of the macro-economic scenario.

In this context, the Bank has updated macro-economic scenarios as at 31 December 2021 considering, as already underlined, in addition to a Baseline scenario (as already mentioned), a negative scenario and a positive scenario by applying proper weighting factors.

- **Negative Scenario**, it reflects the assumption that Virus mutation will cause Europe and the US to face a new severe wave of the pandemic. This will force governments to reintroduce restrictions to mobility and business activity. Despite a lower vaccination rate, the US is assumed to adopt less stringent measures than the eurozone countries, similarly to the previous waves. It is also assumed that some sort of herd immunity is only reached towards the end of the forecasting horizon. Given these assumptions, the Covid-19 crisis dampens private demand by more than assumed in the baseline scenario, and scarring effects are larger. Governments will keep expansionary policies in place to mitigate the effects of the pandemic and to preserve social stability. After expanding by 5% in 2021, Eurozone GDP would: (i) increase by 2.6% in 2022 (-1.7% compared to baseline), (ii) followed by an expansion of only 0.4% in 2023 (-1.7%) and 0.7% in 2024 (-1.0%), then (iii) then, by the end of 2024, remain well below its pre-crisis trend line. Disinflationary forces materialize, as demand weakness and a widening of the difference between the potential and actual GDP (output gap) prevails over supply-side disruption. Together with lower oil prices, this puts downward pressure on inflation. Throughout the forecasting horizon, Eurozone headline inflation fluctuates around 1.5%, below the 2% ECB target over the medium term. Monetary policy responds to the deterioration in the outlook for growth and inflation and to any potential threat to the transmission mechanisms of monetary policy. Policy rates remain unchanged in the US through 2023 and in the Euro area throughout the whole forecast horizon. BTP credit spreads continue to benefit from the supportive ECB stance. In this scenario, the spread BTP-Bund is assumed to remain 35bp above the baseline until 2023, and around 15bp in the following year.

## Part A - Accounting policies

- **Positive Scenario:** it reflects the assumption that roll-out of vaccines boosts confidence and GDP by more than in baseline scenario. A materially stronger pace of recovery is driven by households, which significantly reduce precautionary savings, and firms which forcefully resume investment plans put on hold. Driven by pent-up demand, Eurozone GDP is back to its pre-pandemic trend line by the end of 2022. Governments progressively scale back their support measures. In this scenario, Eurozone GDP grows by 5.8% in 2022 (+1.5% compared to baseline); by 3.6% in 2023 (+1.5%); by 2.5% in 2024 (+0.8%). The difference between the potential and actual GDP (output gap) closes by the end of 2022. Core inflation moves higher, mainly boosted by price increases in sectors most hit by the pandemic while supply bottlenecks last for longer. Over the forecasting horizon, Eurozone headline inflation settles at around 2%, a level in line with the ECB's definition of price stability. Central banks retain an accommodative stance but less than in baseline projections. The improved economic outlook benefits BTPs, whose spread remains tighter compared to the baseline. Particularly, the 10Y BTP-Bund spread is expected to be 25bp lower than the baseline in 2022 and 45 bps lower in the following two years.

For details refer to table below.

INTEREST RATES AND YIELD ENVIRONMENT, EoP% <sup>(*)</sup>		2022	2023	2024
Negative Scenario 2021	Euribor 3M (bps)	(55)	(55)	(50)
	Mid Swap 10Y (bps)	15	20	40
	Spread BTP - Bund (bps)	160	160	140
	<b>Real GDP growth y/y, %</b>			
	Italy	2.3	-	-
	Germany	3.0	0.2	0.4
	Central Europe <sup>(**)</sup>	2.9	1.2	1.5
	Eastern Europe <sup>(***)</sup>	1.6	1.3	1.8
Positive Scenario 2021	Euribor 3M (bps)	(55)	(55)	(50)
	Mid Swap 10Y (bps)	45	60	65
	Spread BTP - Bund (bps)	100	80	80
	<b>Real GDP growth y/y, %</b>			
	Italy	5.6	3.3	2.1
	Germany	6.7	3.9	3.1
	Central Europe <sup>(**)</sup>	6.2	4.8	3.4
	Eastern Europe <sup>(***)</sup>	4.2	3.9	3.2

**Notes:**

(\*) For Baseline Scenario data refer to the table above.

(\*\*) Includes Austria.

(\*\*\*) Include Russia.

Considering the persisting uncertainty and in continuity with the assumptions used for the preparation of Year's end 2020 Company financial statements, the probability of the negative scenario in December 2021 has been kept at 40% so to incorporate the risks of downturns. The probabilities used for the base scenario and the positive scenario have been kept at 55% and 5% respectively.

For additional information on the measurement of credit exposure refer to the paragraph "2.1 Credit risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

As well as for other assets, 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 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 will expire.

In addition, adjustments to the loan loss provisions, might derive from the occurrence of a macro-economic scenario different from the one estimated for the calculation of the credit risk parameters or by the prevalence on the market of non-performing exposures of prices different from those used in the measurement.

Finally, the evolution of the real estate market could impact on the value of properties received as collateral and may require an adjustment to the loan loss provisions.

## Part A - Accounting policies

### Other measurements

The following additional Balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:

- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits (including defined benefit obligation);
- provisions for risks and charges.

While evaluations have been made on the basis of information deemed to be reasonable and supportable as at 31 December 2021, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

Furthermore, the following factors, in addition to those illustrated above, might influence the future results of the Bank and cause outcomes materially different from those deriving from the valuations: (1) general economic and industrial conditions of the regions in which the Bank operates or holds significant investments; (2) exposure to various market risks (e.g. foreign exchange risk); (3) political instability in the areas in which the Bank operates or holds significant investments; (4) legislative, regulatory and tax changes, including regulatory capital and liquidity requirements, also taking into account Brexit and increased regulation in response to the financial crisis. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.

### Statement of going concern

In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made a few observations on the current situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports.

The Directors observed the emergence of Covid-19 pandemic during the financial year 2020 which continued in 2021. Such pandemic determined the introduction of containment measures, in part still ongoing, which have determined, as mentioned above, negative effects that were offset, partially, by the economic relief measures put in place by the Government.

The Directors have considered these circumstances in the assessments of significant items recognised in the Company financial statements as at 31 December 2021, and on the basis of these assessments, believe with reasonable certainty that the Bank will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the document "Company financial statements as at 31 December 2021" was prepared on a going concern basis. Such statement is further reinforced by the approval on 8 December 2021 by the Board of Directors of UniCredit Unlocked strategic plan for the periods 2022-2024.

Based upon the aforementioned evaluations, the main Group regulatory ratios have been taken into account at 31 December 2021, in terms of: (i) the actual figures at 31 December 2021 (CET1 Ratio Transitional equal to 15.82%; TLAC Ratio equal to 25.45%; Liquidity Coverage Ratio at 182% based on monthly average on 12 months; (ii) the related buffer versus the minimum requirements at the same reference date (CET1 Ratio Transitional: excess of 678 basis points; TLAC Ratio: excess of 590 basis points; Liquidity Coverage Ratio: excess of more than 82 percentage points); (iii) the expected evolution of the same ratios during 2022 (in particular, in 2022, it is expected to maintain a significant margin above the capital requirements, consistently with the UniCredit Unlocked strategic plan target of maintaining or exceeding a CET1 ratio of 12.5%-13%).

Consistently with such evidence the Directors intend to propose in 2022 to the Shareholders' Meeting to authorise the distribution of a remuneration, in part in cash and in part through shares buyback. Furthermore, on the basis of the Strategic plan, such distributions, consistently with the organic capital generation of each relevant year, are expected to progressively increase in 2023-2024.

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form. These criteria have not changed with respect to the previous year.

## Section 3 - Subsequent events

No material events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Company financial statements as of 31 December 2021.

For a description of the significant events after year-end refer to the information below.

On 11 January 2022 UniCredit S.p.A. launched a dual tranche Senior Preferred €1.25 billion with 6 years maturity, callable after 5 years, and €500 million with 10 years maturity.

The amount issued is part of the 2022 Funding Plan and confirms once again UniCredit's ability to access markets in different formats.

On 18 January 2022 UniCredit S.p.A. reached an agreement with a securitisation vehicle managed by KRUK Group in relation to the disposal on a non-recourse basis (pro-soluto) of a non performing corporate credit portfolio both secured and unsecured, in Italy.

## Part A - Accounting policies

The portfolio consists entirely of Italian Non Performing Exposures with a claim value of approximately €222 million. The economic impact was recognised in the 2021 Financial Statements, where the portfolio will be classified as held-for-sale, in accordance with IFRS5.

On 28 January 2022 UniCredit S.p.A. and Allianz announced having signed a multi-country framework agreement, setting the basis for enhanced collaboration benefiting clients of both companies. The agreement covers UniCredit's footprint in Italy, Germany, Central and Eastern Europe and appropriately recognises both partners' contribution to the value that is being created. The agreement encompasses joint investments aimed at integrating and accelerating the digitalization of our processes. It will also pave the way for a cooperation between the two groups in the insure-banking business, allowing UniCredit to offer its best-in-class banking products to customers on Allianz's open platform in Germany, Italy and other jurisdictions.

On 3 February 2022 it was announced that, following the communication received from the ECB in relation to the 2021 Supervisory Review and Evaluation Process (SREP), UniCredit's Pillar 2 Capital Requirement (P2R) is confirmed at 175 basis points.

Since 1 March 2022 UniCredit shall respect the following capital requirements on a consolidated basis, unchanged with respect to those previously applied, and equal to:

- 9.03 per cent CET1 ratio;
- 10.86 per cent Tier 1 ratio;
- 13.30 per cent Total Capital ratio.

### Section 4 - Other matters

In 2021 the following standards, amendments or interpretations came into force:

- Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 Interest Rate Benchmark Reform - Phase 2 (EU Regulation 2021/25);
- Amendments to IFRS4 Insurance Contracts - deferral of IFRS9 (EU Regulation 2020/2097);
- Amendments to IFRS16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (EU Regulation 2021/1421).

whose adoption has not determined substantial effects on the amounts recognised in balance sheet or income statement.

With reference to the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions beyond 30 June 2021" and "Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 Interest Rate Benchmark Reform - Phase 2" additional explanations are provided below in this section.

As at 31 December 2021, the following documents have been endorsed by the European Commission:

- Amendments to IFRS3 Business Combinations; IAS16 Property, Plant and Equipment; IAS37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020" (EU Regulation 2021/1080) applicable to reporting starting from 1 January 2022; and
- IFRS17 Insurance Contracts; including Amendments to IFRS17 (EU Regulation 2021/2036) applicable to reporting starting from 1 January 2023.

As at 31 December 2021 the IASB issued the following accounting standards whose application is subject to completion of the endorsement process by the competent bodies of the European Commission, which is still ongoing:

- Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (January 2020 and July 2020 respectively);
- Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (February 2021);
- Amendments to IAS8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (February 2021);
- Amendments to IAS12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (May 2021);
- Amendments to IFRS17 Insurance contracts: Initial Application of IFRS17 and IFRS9 - Comparative Information (December 2021)

### Risks, uncertainties and impacts of Covid-19 pandemic

Reference is made to "Section 2 - General preparation criteria" for a description of risks and uncertainty relating to Covid-19 pandemic.

#### Contractual modifications arising from Covid-19

##### 1) Contractual modifications and accounting derecognition (IFRS9)

In order to limit the effects of the restriction measures put in place to contain the Covid-19 pandemic, starting from the first half 2020, the Bank has granted to its customers debt moratoria measures. These measures have been granted both following the approval of specific laws by the government and as a result of specific initiatives by the Bank so to complement government initiatives. In particular the following measures have been offered:

- **Moratorium on mortgages for private Individuals (UniCredit initiative)**; main features: (i) suspension of the installment (principal) for clients which, before the crisis, were not suffering financial difficulties and whose transaction is not forborne; (ii) maximum duration: 12 months.

## Part A - Accounting policies

- **Moratorium on mortgages for private Individuals (Government initiative)**; main features: (i) the scope is extended also to clients suffering financial difficulties before crisis, as long as the delay in payments does not exceed 90 days, as well as self-employed works and professionals; (ii) maximum duration: 18 months; (iii) fund will pay interest accrued on the residual debt during the suspension period up to 50%; (iv) moratorium already in force for employees is extended to self-employed workers and professionals who have incurred as a result of emergency a decrease in turnover of more than 33%; (v) suppressed the ISEE requirement (income limit); (vi) suspension of the whole installment (principal and interests). The "Ristori" Decree (in force since 25 December 2020) prorogated: (i) until 31 December 2021 the possibility for banks to suspend the loan installments without waiting for Consap outcome; (ii) until 9 April 2022: the access to Fund benefits for loans in amortization for less than 1 year (no prorogation Fund interventions for professionals and entrepreneurs);
- **Moratorium for SME (Italian Banking Association and UniCredit initiative)**; main features: (i) suspension of the installment (principal); (ii) maximum duration 12 months; (iii) performing counterparties, excluding lending positions for which the suspension or extension has already been granted within the 24 months prior to the application date;
- **Moratorium for Micro Enterprises and SME (Government initiative with Law decree "Cura Italia")**; main features: (i) irrevocability (until 30 September 2020) of the credit lines granted "until revoked" and of loans granted on advance on credits (the guarantee covers 33% of the increased credit line used between the date of entry into force of the decree and 30 September 2020); (ii) postponement (until 30 September 2020 under the same conditions) of the repayment of non-installment loans due to mature before 30 September 2020 (guarantee covers 33%); (iii) suspension (till 30 September 2020) of the payment of the instalments of loans (principal and interests) due to mature before 30 September 2020 (guarantee covers 33%). Subsequently:
  - the **"August" Decree Law of 14 August 2020**, No. 104, converted into Law No. 126 of 13 October 2020, containing several urgent measures in support of health, work and economy, linked to the Covid-19 emergency:
    - extended the moratorium for SME set by the Decree Cura Italia until 31 January 2021 (previous 30 September 2020). The extension operates automatically, unless expressly waived by the beneficiary company;
    - extended to 31 March 2021 the moratorium for the tourist sector, for mortgage payments only, specifying that tourism-sector companies are: tourism-accommodation companies, travel and tourism agencies and tour operators, spas and physical wellness centers, subjects that manage amusement parks or theme parks, subjects that carry out tourist guide and assistance activities.
  - **The Budget law 2021** (law 178/2020, Art. 1, paragraphs 248-254) extended the moratorium for the SME until 30 June 2021
  - the **"Sostegni-bis" Law Decree of 25 May 2021**, n.73 containing urgent measures related to the emergency from Covid-19, for companies, work, young people, health and local services extended to 31 December 2021 of the SMEs' moratorium (Art.56 DL Cura Italia), only to capital amount. The extension concerns not only mortgages and other installment repayment loans but also credit lines and non-installment loans. The extension no longer operates automatically but the beneficiary must send a communication to the lender by June 15, 2021.

In accordance with ESMA's declaration<sup>76</sup> which clarified that it is unlikely that the contractual changes resulting from these moratoria can be considered as substantial, the Bank has not derecognised the related credit exposures<sup>77</sup>. A modification loss is consequently recognised in item "140. Gains/Losses from contractual changes with no cancellations" if the increase in future payments is not sufficient to remunerate the Bank for the postponement period also in light of local laws and regulations.

### 2) Amendment to IFRS16 accounting standard

The IASB published 28 May 2020 the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions" which has been endorsed 15 December 2020.

Such amendments provide lessees with an exemption (permitted and not required) from assessing whether a Covid-19-related rent concession is a lease modification. Entities applying the exemption, available from 1 June 2020, would account for the changes as if they were not lease modifications.

If the exemption is applied by the lessee then:

- forgiveness or waiver of lease payments are accounted for as a variable lease payment against the derecognition of the part of lease liability forgiven or waived;
- change in lease payments that reduces payments in one period but proportionally increases payments in another, requires interest to be accrued on the lease liability and lease liability to be reduced in order to reflect lease payments made to the lessor.

This exemption could be used only if the following conditions are met:

- rent concessions occur as a direct consequence of the Covid-19 pandemic;
- the revised consideration for the lease is the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments affects only payments originally due on or before 30 June 2021;
- there is no substantive change to other terms and conditions of the lease.

<sup>76</sup> ESMA public statement: "Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS9" of 25 March 2020.

<sup>77</sup> According to IFRS9, the contractual modifications must be accounted for (i) if significant, through the derecognition, (ii) if not significant, through the recalculation of the gross exposure by discounting the contractual cash flows after the modification at the original effective interest rate. The standard does not provide any indication as to whether a change is significant or not. For further information on accounting principles used by the Bank and the Group on this matter, refer Consolidated financial statements of UniCredit group, Notes to consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts.



## Part A - Accounting policies

On 31 March 2021, the IASB published "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS16)" which extended the aforementioned exemption also to lease contracts with payment relief and payments originally due before, or on 30 June 2022.

Such amendment, which has been endorsed on 30 August 2021, is applicable for annual reporting periods beginning on or after 1 April 2021.

The Bank has not applied the exemption foreseen by the IFRS16 amendments.

### TLTRO

On 6 January 2021, ESMA published a document which, referring to the changes introduced by the ECB during 2020 due to the Covid-19 emergency with particular reference to the interest rates applicable to the third series of targeted longer term refinancing operations (TLTRO III), recommends an adequate level of transparency regarding the accounting treatment applied for the purposes of preparing the financial statements.

Then, on 16 February 2021, ESMA informed the Market that a letter<sup>78</sup> requiring an official position by IFRS Interpretation Committee (IFRIC) about the TLTRO III accounting treatment was issued on 9 February 2021; specifically, ESMA invited the IFRIC to clarify the applicable requirements considering questions related to: (i) accounting for the transactions according to requirements of IFRS9 or IAS20; (ii) the method to calculate the effective interest rate at initial recognition and, in particular, the circumstance that this rate has to incorporate the expectations of obtaining future benefits in terms of lower cost of funding following the expected achievement of the "eligibility" criteria required by the regulations; and (iii) accounting treatment of changes in estimates of payments due to revised assessment of meeting the eligibility criteria upon application of IFRS9.

In June 2021, IFRIC reported the following remarks regarding the questions raised by ESMA; specifically: (i) the topics about the application of IFRS9 vs IAS20 accounting standards embedded topics different from being accounting matters (e.g. determining whether the ECB meets the definition of government); (ii) regarding the effective interest rate and the consequence of the modification in interest rate, IFRIC reported that the topics will be discussed during the "Post-Implementation Review of the classification and measurement requirements in IFRS9" by IASB, starting from fourth quarter 2021.

Therefore, the accounting treatment adopted by the Bank, as described below, may be still subject in the future to different interpretations by the competent bodies.

According to UniCredit bank approach, the TLTRO liabilities are recognised as banking book funding instruments to be subsequently measured at amortised cost according to IFRS9.4.2.1.

The prospect for the borrowing bank to be charged of a variable negative interest on "long term refinancing operations", additional to the average Deposit Facility Rate ("DFR") or Main Refinancing Operation ("MRO") rate, is linked to the achievement of specific threshold on cumulative net lending toward eligible counterparties<sup>79</sup>.

In particular, financial conditions incorporated into TLTROs are reflecting ECB monetary policy initiatives to prospectively reduce market "cost of funding" for banking institutions by using "non-conventional" tools and reflected in money market operations.

As a result, accounting analysis rejected such an interest would have been assimilated to either (i) a government grants (being ECB TLTRO a "limited access & banking specific" market by its own), or (ii) an embedded derivative.

Therefore, such contractual term must be seen as contractual clause included into a one-coupon floating-rate<sup>80</sup> financial liability (the refinancing operation), and to be considered part of the calculation of the liability's interests according to IFRS9.

Under the said accounting principle, the interests shall be calculated by using the "effective interest method", that allocates interests over the application period of the "effective interest rate". The latter is defined as the rate that discounts estimated future cash flows through the expected life of the financial instruments to the net carrying amount.

Accordingly, having introduced a new/prospective "performance-related" remuneration within the ECB, TLTRO "market" specific financial features are handled similarly to changes in market-index for floating-rate liabilities.

Therefore, referencing EIR rules for "markets-driven" variable remunerations, changes in "market index" (e.g., base rate and spread) are reflected by adjusting instruments' carrying amount calculated by reference to the evolution of the "TLTRO index" and limited to the accrued (to-date) portion<sup>81</sup>.

As a result, TLTRO III effective interest rate ranges: (i) between -0.33% and -0.83% for the €51.3 billion allotment cashed-in during June 2020 (3years funding<sup>82</sup>); (ii) between -0.50% and -1.00% for the €5.1 billion allotment cashed-in during March 2021 (expected to be entirely repaid by June 2022); such effects are coherent with the benchmark achievements for cumulative net lending as at March 2021 and December 2021, as well as current MRO and DFR levels.

<sup>78</sup> Link: <https://www.esma.europa.eu/press-news/esma-news/esma-submits-ifs-9-and-ias-20-related-questions-ifs-interpretations-committee>.

<sup>79</sup> Loans to non-financial corporations & Loans to households, excluding loans for house purchase.

<sup>80</sup> Either for the base rate (Avg DFR or Avg MRO) and the spread (up to -50bps with a minimum of -1% for a portion of the liability's expected duration).

<sup>81</sup> Similarly, to other "market indexed" variable rate notes.

<sup>82</sup> Early termination will result in lower (i.e., more negative) EIR with additional NII effect.



## Part A - Accounting policies

With reference to 2021, an interest income contribution equal to +€472 million (o/w +€192 million from CNL spread additional to "DFR"), has been recognised for the total outstanding €56.4 billion TLTRO funding reflecting cumulative net lending threshold achievements, as supported by evidences of outstanding cumulative net lending production (i) has been submitted to ECB by August 2021 for the special reference period ending on 31 March 2021 and (ii) will be finally provided to ECB with the third report for the additional reference period ending on 31 December 2021 not later than 17 May 2022, together with the result of the auditor's evaluation.

### Tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers

The Law Decrees 18/2020 (so-called "Cura Italia") and 34/2020 (so-called "Rilancio"), converted into law No.27 and No.77 of 2020, introduced into the Italian legal system some tax incentive measures related to both investment expenses (e.g., Eco and Sismabonus) and current expenses (e.g., rents for non-residential premises).

These incentives that apply to households or businesses, are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%) and are disbursed in the form of tax credits or tax deductions (convertible, on option, into tax credits).

The holders of these credits, not refundable by the State, can use them to offset taxes and contributions or they can further transfer them (in whole or in part) to third parties.

Since the third quarter of 2020 UniCredit S.p.A. launched commercial initiatives aimed at:

- providing "bridge" credit facilities subject to the presentation of appropriate documentation proving the intervention and the future generation of tax credit, to support the financial needs related to the cost of the interventions;
- simultaneously underwriting commitments related to the purchase of the future tax credit with the associated obligation of the assigning customer to use the amount collected from the transfer of the tax credit to reimburse the granted "bridge" loan;
- directly purchasing tax credits from assignors who do not require any "bridge" loan.

Starting from the second quarter of 2021 indirect purchases of Tax Credit has been exploited through fully consolidated Italian Securitization SPVs, incorporated under Law 130/99, to manage CIB clients network financing needs.

The specific features of these tax credits are such that these assets are not in the scope of international accounting standards IAS/IFRS.

Therefore, the paragraph of IAS8<sup>83</sup> is applied, requiring the management to define an accounting policy suitable for providing relevant and reliable information.

In accordance with the paper published by the OIC on 17 May 2020<sup>84</sup> and the Document No.9 jointly published by Banca d'Italia, CONSOB, IVASS on 5 January 2021<sup>85</sup>, it is believed that an accounting model based on IFRS9 is the accounting model more suitable for providing relevant and reliable information.

As a result of the above, on initial recognition tax credits are booked among assets in item "120. Other assets" for a value equal to the purchase price, assumed equal to a Level 3 fair value of the fair value hierarchy according to IFRS13.

For subsequent measurement, the provisions of IFRS9 relating to the "Held to collect portfolio" are applied for both direct and indirect (through Italian Securitization SPVs) purchases. As a result, these tax credits are measured at amortised costs recognising in the Income statement in item "10. Interest income and similar revenues" the portion -accrued in the period- related to the difference between the value at initial recognition and the value that is expected to be utilised through the offsetting with tax liabilities. The latter value is subject to periodical re-assessment with recognition into income statement, item "10. Interest income and similar revenues" of any write-downs.

As of 31 December 2021, no write-downs have been recognised and the tax credit presented in "Other assets" amounts to €252 million.

The commitments connected with the purchase of the future tax credit are recognised, for a value equal to the price that will be paid when the commitment will be used by the customer, among "Other commitments" (€939 million as of 31 December 2021), and were evaluated in relation to their effectively offset value resulting in no need for write-downs, that, if existing, are recognised in Income statement under item "170. Net provisions for risks and charges".

For the sake of completeness, it should be noted that against credit facilities for €325 million, as of 31 December 2021 bridge loans equal to €183 million has been recognised among financial instruments measured at amortised cost, according to the ordinary provisions of IFRS9.

### Interbank Offered Rates (IBORs) transition

Following the concerns raised about the integrity and reliability of major financial market benchmarks the Financial Stability Board (FSB) started a comprehensive reference rates reform. In order to assess the relevant risks associated with the benchmark reforms and taking appropriate actions to ensure an adequate transition to alternative or reformed benchmark rates ahead of the deadline of the end of 2021 specified in the revised EU Benchmark Regulation (BMR), UniCredit group launched in October 2018 a Group wide project in order to manage the IBORs discontinuation with a multiyear roadmap defined based on both Group exposure (mainly focused on Euro) and transition timeline.

<sup>83</sup> IAS8 paragraph 10.

<sup>84</sup> "Cessione del credito d'imposta" - Law 17 July 2020 No.77.

<sup>85</sup> Accounting treatment of tax credits associated with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale by direct beneficiaries or previous buyers.

## Part A - Accounting policies

It is worth to mention that the European Working Groups on Euro Risk-Free Rates issued its recommendations on Euribor fallbacks and cessation triggers while other international working groups and bodies (e.g., International Swaps and Derivatives Association - ISDA; ICE Benchmark Administration - IBA; London Clearing House - LCH) issued recommendations, focused on LIBOR discontinuation, that will be taken into account while envisaging market practices to consider on transition.

At the same time Benchmark Regulation has been amended in order to allow the EU Commission to provide for statutory replacement rates (to be defined after a public consultation and applicable to contracts lacking a suitable fallback provision in case of the cessation of the benchmark rate agreed by the parties), while the other mainly involved international market authorities (e.g., Financial Conduct Authority and Bank of England in the UK, New York State Department of Financial Services in the US) are defining possible amendments to the applicable laws in order to support a smooth transition.

Such discussions and consultation outcomes, while aimed to bring further stability in the market and reduce conduct risk, still represent source of possible uncertainty, with reference to the timing and/or fallback rules applied to outstanding stock of assets, liability and derivatives linked to other IBOR agreements (yet to be transformed or transitioned).

On 5 March 2021, the Financial Conduct Authority (FCA) in its capacity as LIBOR regulator announced that LIBOR settings process will not be available (ceased to be provided or no longer representative) according with the below discontinuation path:

- immediately after 31 December 2021, in the case of all Sterling, Euro, Swiss Franc and Japanese Yen settings, and the 1-week and 2-month US Dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US Dollar settings.

ISDA echoed on the same day, stating that the FCA announcement constituted a trigger event under the ISDA 2020 IBOR Fallbacks Protocol. As a result, the fallback spread adjustment on relevant derivatives (also applicable on cash instrument considering the recommendations of major national working group), is fixed starting from the same day for all Euro, Sterling, Swiss Franc, US Dollar and Japanese Yen LIBOR settings.

In order to avoid disruption to legacy contracts that reference the 1-, 3- and 6-month GBP and JPY Libor, the FCA deliberate for the publication under a changed methodology basis (also known as 'synthetic'), until end of 2022, of the mentioned 6 Libor settings made available by IBA for use in legacy contracts other than cleared derivatives. Synthetic settings availability provides some relief on LIBOR contracts repapering effort (in particular for contracts subject to UK law).

The European Commission adopted an Implementing Act of the BMR that has been published in the Official Journal of the European Union on Friday, 22 October 2021; the Implementing Act provides legal ground for a Statutory Replacement Rate for legacy contracts indexed to CHF LIBOR and EONIA that have not yet been repapered or do not contain adequate fallback rates.

Such a replacement rate operating by law brought further stability in the market and reduced the conduct risk associated with the outstanding stock of assets, liabilities and derivatives transformed or transitioned or yet to be transformed or transitioned.

In order to address potential source of uncertainty on the effect of the Interbank offered rates (IBOR) reform on existing accounting hedge relationships the "Amendments to IFRS9, IAS39 and IFRS7 Interest Rate Benchmark Reform" (the Amendment) clarifies that the reform does not require to terminate such hedge relationships, whose volume as of 31 December 2021 is presented below:

### Hedging contracts: notional amount<sup>(\*)</sup>

(€ million)

HEDGING RELATIONSHIP	HEDGED ITEMS	INDEX			
		LIBOR USD	LIBOR JPY	LIBOR OTHER CURRENCIES	OTHERS
Fair value	Assets	5,370	5,163	-	-
	Liabilities	14,078	-	-	-
Cash flows	Assets	7,461	4,979	-	-
	Liabilities	20,042	-	-	-
<b>Total</b>		<b>46,951</b>	<b>10,142</b>	<b>-</b>	<b>-</b>

Note:

(\*) Double-entry method when relevant.

## Part A - Accounting policies

In order to address potential source of uncertainty on the effect of the Interbank offered rates (IBOR) reform IASB issued "Interest Rates benchmark Reform - Phase 2; Amendments to IFRS9, IAS39 and IFRS7" including indications to manage changes in financial instruments that are directly required by the Reform and providing for (i) exceptions to standard rules dealing with accounting for changes of the contractual cash flows of assets and liabilities and (ii) reliefs from discontinuing hedge relationships.

As long as contractual terms (i) are amended as a direct consequence of interest rate benchmark reform and (ii) the new basis (to determine the contractual cash flows) is economically equivalent to the previous basis<sup>86</sup>, they will be treated as changes to a floating interest rate arising from movement in the market rate of interest (meaning the EIR will be updated prospectively without adjusting the carrying amount)<sup>87</sup>.

Similarly, the Amendments requires an assessment whether a modification of a financial instruments might lead to its derecognition (i.e., when the modification results in a "substantial change" in the expected cash flows) to be applied only to changes beyond those resulting from the market-wide reforms of an interest rate benchmark<sup>88</sup>.

As a result, changes that do qualify for the practical expedient will not be regarded as sufficiently substantial that the instrument would be derecognized and, consequently, IFRS9 classification requirements (to be run at initial recognition of a financial assets, including SPPI test) doesn't have to be conducted.

The major relief Amendments introduces in respect of hedge relationships is that changes to the documentation do not result in the discontinuation of hedge accounting nor (in) the designation of a new hedge relationship as long as it only refer to designating an alternative benchmark rate as the hedged risk, or amending the description (i) of the hedged item/portion of the cashflows or fair value being hedged, (ii) of the hedging instruments or (iii) how the entity will assess hedge effectiveness<sup>89</sup> as a consequences of changes to hedged and hedging instruments induced by the Reform (including the addition of a fixed spread to compensate for the basis difference).

Volume of financial instruments that have yet to transition to an alternative RFR as at the end of the reporting period are the follow:

### Financial instruments subject to IBOR reform: contractual/notional amount<sup>(\*)</sup>

(€ million)

	INDEX				Total
	LIBOR USD	LIBOR CHF	LIBOR OTHER CURRENCIES	OTHERS	
<b>Non-derivative financial assets</b>	<b>4,697</b>	<b>881</b>	<b>31</b>	<b>-</b>	<b>5,609</b>
<i>Loans&amp;Advances</i>	<i>3,994</i>	<i>881</i>	<i>31</i>	<i>-</i>	<i>4,906</i>
<i>Securities</i>	<i>703</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>703</i>
<b>Non-derivative financial liabilities</b>	<b>888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>888</b>
<i>Deposits</i>	<i>482</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>482</i>
<i>Issued securities</i>	<i>406</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>406</i>
<b>Derivatives</b>	<b>58,645</b>	<b>31</b>	<b>9,236</b>	<b>-</b>	<b>67,912</b>

Note:

(\*) Figures submitted to KMPs.

In order to closely follow the developments on IBORs and to proper manage the transition and the discontinuation impacts, UniCredit is continuously monitoring the market, also attending the European working groups, the industry working groups (e.g., International Swaps and Derivatives Association - ISDA) and participating to the relevant public consultations.

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The Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2021 are audited by Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010 and to the resolution passed by the Shareholder's Meeting on 11 May 2012.

UniCredit group prepared and published within the time limits set by law and in manner required by Consob, the Consolidated first half financial report as at 30 June 2021, subject to limited scope audit, as well as the Consolidated interim reports as at 31 March and 30 September 2021, both as press releases.

The Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2021 have been approved by the Board of Directors' meeting of 15 February 2022, which authorised its disclosure to the public also pursuant to IAS10.

<sup>86</sup> Including replacement of the benchmark, addition of a fixed spread to compensate for the "basis difference" among former and new benchmark duration, and changes to the reset period, reset dates or the number of days between coupon payment dates, addition of a fallback provision.

<sup>87</sup> Ref. IFRS9.5.4.7-8.

<sup>88</sup> Ref. IFRS9.5.4.9.

<sup>89</sup> Cfr IFRS9.6.9.1, IAS39.102P

## Part A - Accounting policies

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the obligation for issuers of securities listed on regulated markets of the European Union to draw up the annual financial report in the language XHTML, based on the European Single Electronic Format (ESEF), approved by ESMA.

The whole document is filed in the competent offices and entities as required by law.

### A.2 - Main items of the accounts

#### 1 - Financial assets at fair value through profit or loss

##### a) Financial assets held for trading

Reference is made to the paragraph "a) Financial assets held for trading" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 1 - Financial assets at fair value through profit or loss, which is herewith quoted entirely.

##### b) Financial assets designated at fair value through profit or loss

Reference is made to the paragraph "b) Financial assets designated at fair value through profit or loss" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 1 - Financial assets at fair value through profit or loss, which is herewith quoted entirely.

##### c) Other financial assets mandatorily at fair value

Reference is made to the paragraph "c) Other financial assets mandatorily at fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 1 - Financial assets at fair value through profit or loss, which is herewith quoted entirely.

#### 2 - Financial assets at fair value through other comprehensive income

Reference is made to the paragraph "2 - Financial assets at fair value through other comprehensive income" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

#### 3 - Financial assets at amortised cost

Reference is made to the paragraph "3 - Financial assets at amortised cost" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

#### 4 - Hedge accounting

Reference is made to the paragraph "4 - Hedge accounting" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

#### 5 - Equity investments

Equity investments are equity instruments and consequently defined as financial instruments under IAS32.

Investments in equity instruments made with the intention of establishing or maintaining a long-term operational relationship with the investee are strategic investments.

The following are the types of equity investment:

##### Subsidiaries

Entities, including structured entities, over which the Bank has direct or indirect control, are considered subsidiaries. Control over an entity entails the Bank's ability to exercise power in order to influence the variable returns to which the Bank is exposed through its relationship with them.

## Part A - Accounting policies

In order to verify the existence of control, the following factors are considered:

- the purpose and establishment of the investee, in order to identify which are the entity's objectives, the activities that determine its returns and how these activities are ruled;
- the power, in order to understand whether the Bank has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee, in order to assess whether the Bank has relationships with the investee, the returns of which are subject to changes deriving from variations in the investee's performance;
- the existence of potential principal - agent relationships.

If the relevant activities are ruled through voting rights, the existence of control is verified considering the voting rights held, including the potential ones, and the existence of any shareholders' or other agreements which attribute the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the entity's financial and operating policies.

Subsidiaries may also include any "structured entity" in which the voting rights are not significant for establishing control, including special purpose entities and investment funds.

In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable governance of the relevant activities (or those that contribute most to the results) and the Bank's exposure to the variability of returns deriving from these activities.

### Joint venture

A joint venture is an entity in which the Bank has:

- a joint control agreement;
- rights on the net assets of the entity.

In detail a joint control exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.

### Associates

An associate is an entity over which the investor has significant influence and which are not subsidiaries or joint ventures.

Significant influence is presumed when the investor:

- holds, directly or indirectly, at least 20% of the share capital of another entity, or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of significant transactions;
  - interchange of managerial personnel;
  - provision of key technical information.

It should be noted that only companies which are governed through voting rights can be classified as associates.

Investments in subsidiaries, associates and joint ventures are measured at cost.

The purchase price of an equity investment is the sum of:

- the fair value, at the date of acquisition, of the assets sold, liabilities assumed and equity instruments issued by the purchaser in exchange for control of the investee; and
- any cost directly attributable to the acquisition.

If there is evidence that an equity investment may have become impaired, its carrying value is compared with its recoverable value, which is determined on the basis of its value in use, in turn calculated by means of valuation models in general use in financial business, which discount expected future cash flow from the equity investment (methodology Discounted Cash Flow).

If it is not possible to obtain sufficient information the value in use is considered to be the net worth of the company.

## Part A - Accounting policies

If the recoverable value is less than the carrying value, the difference is recognised through profit or loss in item "220. Gains (Losses) of equity investments". If the reasons for impairment are removed following a subsequent event occurring after the recognition of impairment, write-backs are made through same profit or loss item.

Equity investments considered strategic investments not covered by the above definitions and not recognised in item "110. Non-current assets and disposal groups classified as held for sale" are classified as financial assets at fair value through other comprehensive income or other financial assets mandatorily at fair value and accordingly treated.

### 6 - Property, plant and equipment (Tangible assets)

Reference is made to the paragraph "6 - Property, plant and equipment (Tangible assets)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

### 7 - Intangible assets

An intangible asset is an identifiable non-monetary without physical substance which is expected to be used for more than one period and from which future economic benefits are probable. Intangible assets are principally represented by software.

Intangible assets other than goodwill are recognised at purchase cost, i.e. including any cost incurred to bring the asset into use, less accumulated amortisation and impairment losses.

Costs sustained after purchase are:

- added to initial cost, provided they increase future economic benefits arising from the underlying asset (i.e. if they increase its value or productive capacity);
- in other cases (i.e., when they do not increase the asset's original value, but are intended merely to preserve its original functionality) are taken to profit or loss in a single amount in the year in which they have been borne.

An intangible asset with a definite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed up to 7 years with regard to software.

If there is clear evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to be originated from the asset. Any impairment loss is recognised in profit and loss item "190. Net value adjustments/write-backs on intangible assets".

If the value of a previously impaired intangible asset is restored, other than goodwill is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there were no losses recognised on the prior-year impairment.

An intangible asset is derecognised (i) on disposal or (ii) when no further future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognised in the profit and loss item "250. Gains (Losses) on disposal of investments" or "190. Net value adjustments/write-backs on intangible assets", respectively.

### 8 - Non-current assets and disposals groups classified as held for sale

Reference is made to the paragraph "8 - Non-current assets and disposal group classified as held for sale" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

### 9 - Current and deferred tax

Reference is made to the paragraph "9 - Current and deferred tax" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

### 10 - Provisions for risks and charges

#### Commitments and guarantees given

Reference is made to the paragraph "Commitments and guarantees given" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 10 - Provision for risks and charges, which is herewith quoted entirely.



## Part A - Accounting policies

### Retirement payments and similar obligations

Reference is made to the paragraph "Retirement payments and similar obligations" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 10 - Provision for risks and charges, which is herewith quoted entirely.

### Other provisions

Reference is made to the paragraph "Other provisions" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 10 - Provision for risks and charges, which is herewith quoted entirely.

### 11 - Financial liabilities measured at amortised cost

Reference is made to the paragraph "11 - Financial liabilities measured at amortised cost" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

### 12 - Financial liabilities held for trading

Reference is made to the paragraph "12 - Financial liabilities held for trading" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

### 13 - Financial liabilities designated at fair value

Reference is made to the paragraph "13 - Financial liabilities designated at fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

### 14 - Foreign currency transactions

Reference is made to the paragraph "14 - Foreign currency transactions" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

### 15 - Other information

#### Impairment

Reference is made to the paragraph "Impairment" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

#### Renegotiations

Reference is made to the paragraph "Renegotiations" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

#### Business combinations

Reference is made to the paragraph "Business combinations" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

#### Derecognition of financial assets

Reference is made to the paragraph "Derecognition of financial assets" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

#### Repo transactions and securities lending

Reference is made to the paragraph "Repo transactions and securities lending" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

#### Equity instruments

Reference is made to the paragraph "Equity instruments" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

#### Treasury shares

Reference is made to the paragraph "Treasury shares" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

## Part A - Accounting policies

### Leases

Reference is made to the paragraph "Leases" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

### Factoring

Reference is made to the paragraph "Factoring" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

### Italian staff severance pay (Trattamento di fine rapporto - "TFR")

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an actuary outside the Group using the "Unit Credit Projection Method" (see paragraph "Retirement payments and similar obligations" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 10 - Provision for risks and charges). This method distributes the cost of the benefit evenly over the employee's working life.

The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to total years of service at the time of payment of the benefit.

Following pension reform by Law Decree No.252/2005, TFR installments accrued to 31 December 2006, to the date between 1 January 2007 and 30 June 2007 on which the employee opted to devolve their TFR to a supplementary pension fund) stay in the employer and are considered a post-employment defined benefit plan therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e. forecast future pay rises are not considered.

TFR installments accrued since 1 January 2007, date of Law Decree No.252's coming into effect (or since the date between 1 January 2007 and 30 June 2007) that have been, at the employee's discretion, either (i) paid into a pension fund or (ii) left in the company and (where the company has in excess of 50 employees) are paid into an INPS Treasury fund by the employer, are assimilated to a defined-contribution plan.

Costs relating to TFR are recognised in the income statement in item "160. Administrative expenses: a) staff costs" and include, for the part of obligations already existing at the date of the reform (assimilated to a defined benefit plan), interest cost accrued in the year; for the part of plan considered defined contribution plan, the accrued installments for the year paid into the complementary pension scheme or to the Treasury fund of INPS.

Actuarial gains (losses), i.e., the difference between the liabilities' carrying value and the present value of the obligation at the end of the period are recorded in the Shareholders' equity and disclosed in the item "110. Valuation reserves" according to IAS19 Revised.

### Share-based payment

Reference is made to the paragraph "Share-based payments" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

### Guarantees and credit derivatives in the same class

Reference is made to the paragraph "Guarantees and credit derivatives in the same class" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

### Offsetting financial assets and financial liabilities

Reference is made to the paragraph "Offsetting financial assets and liabilities" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

### Amortised cost

Reference is made to the paragraph "Amortised cost" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

### Recognition of income and expenses

#### Interest income and expenses

Reference is made to the paragraph "Interest income and expenses" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, Recognition of income and expenses, which is herewith quoted entirely.

## Part A - Accounting policies

### **Fees and commissions income and other operating income**

Reference is made to the paragraph “Fees and commissions income and other operating income” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, Recognition of income and expenses, which is herewith quoted entirely.

### **Dividends**

Reference is made to the paragraph “Dividends” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, Recognition of income and expenses, which is herewith quoted entirely.

## A.3 - Information on transfers between portfolios of financial assets

There were no transfers between portfolios of financial assets in 2021.

## A.4 - Information on fair value

### Qualitative information

This section presents a disclosure on fair value as required by IFRS13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants in the principal market at the measurement date (i.e. an exit price).

The fair value of a financial liability with a demand feature (e.g. a demand deposit) cannot be lower than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

For financial instruments listed in active markets, fair value is determined on the basis of official prices in the principal market to which the Group has access (*Mark to Market*).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a pricing service, dealer, broker, agency that determines prices or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value can be determined on the basis of the relevant market prices for the component parts.

The Group may use valuation techniques, such as:

- a market approach (e.g. using quoted prices for similar assets, liabilities or equity instruments held by other parties as assets);
- cost approach (e.g. it reflects the amount that would be required currently to replace the service capacity of an asset, that is the current replacement cost);
- an income approach (e.g. a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).

The Group uses valuation models (*Mark to Model*) in line with the methods generally accepted and used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions for the instrument being valued and/or prices/quotations for instruments having similar characteristics in terms of risk profile. Indeed, these prices/quotations are relevant for determining significant parameters in terms of credit, liquidity and price risk of the instrument being valued. Reference to these market parameters allows to limit the discretionary nature of the valuation and ensures that the resulting fair value can be verified. If, for one or more risk factors it is not possible to refer to market data, the valuation models employed use estimates based on historical data as inputs.

As a further guarantee of the objectivity of valuations derived from valuation models, the Group employs:

- independent price verifications (IPVs);
- fair value adjustments (FVAs).

## Part A - Accounting policies

Independent price verification requires that the prices are verified at least monthly by Risk Management units that are independent from the units that assume the risk exposure.

This verification calls for comparing and adjusting the price in line with valuations obtained from independent market participants.

For instruments not quoted in active markets, the above verification process uses prices contributed by info providers as a reference and assigns a greater weighting to those prices that are considered representative of the instrument being valued.

This valuation can include the feasibility of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices from different sources, and the process followed by the info provider to obtain the information.

### A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used

Hereby we provide IFRS13 disclosure requirements about accounting portfolios measured at fair value on a recurring basis, not measured at fair value, or measured at fair value on a non-recurring basis.

#### **Assets and liabilities measured at fair value on a recurring basis**

##### *Debt securities*

Debt securities are priced in a two-tier process depending on the liquidity in the respective market. Liquid instruments in active markets are marked to market and consequently they are allocated in the Fair Value Hierarchy under Level 1<sup>90</sup>.

Instruments not traded in active markets are marked to model through discounted cash flows model whose inputs include implied credit spread curves. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively. Under fair value accounting, fair value adjustments for liquidity and model deficiencies compensate for the lack of market observables for the Level 2 and Level 3 positions.

In the global bond IPV process market prices of Level 1 bonds and pricing models for illiquid bonds are regularly verified for accuracy.

##### *Structured financial products*

The Bank determines the fair value of structured financial products not quoted on active markets using the appropriate derivative valuation methodology given the nature of the embedded structure (when this is not to be separated). Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

##### *Asset Backed Securities*

UniCredit valuation process assigns prices considering quotes available in the market.

As a second step, prices are assessed by benchmarking each security to a pool of similar securities with available market quotes. An alternative approach consists in evaluating the instrument through the use of quantitative pricing models, which are applicable every time that information regarding market participants assumptions on model parameters are reasonably made available without excessive costs or efforts.

ABS are assigned to Level 2 or Level 3 depending on the observability of either prices or model inputs.

##### *Derivatives*

Fair value of derivatives not traded in an active market is determined using a mark-to-model valuation technique.

Where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts. Valuation techniques that are based on significant inputs that are observable are referred to as Level 2 valuations, while those based on techniques that use significant unobservable inputs are referred to as Level 3 valuations.

##### *Equity instruments*

Equity instruments are assigned to Level 1 when a quoted price is available on a liquid market and to Level 3 when no quotations are available or quotations have been suspended indefinitely. These instruments are classified as Level 2 only when trading volume on the market is not sufficient to qualify the market as active.

##### *Investment funds*

The Group holds investments in certain investment funds that publish net asset value ("NAV") per share, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. The Group's investments include co-investments in funds that are managed by the Group and investments in funds that are managed by third parties and in particular:

<sup>90</sup> As far as Italian government bonds are concerned, it is worth stressing they are typically exchanged on the MTS market which is largely acknowledged as the main liquid platform for this kind of asset.

## Part A - Accounting policies

### *Real estate funds*

Real estate funds are mapped to Level 1 when quoted prices are available on an active market; when this condition does not hold, real estate funds are disclosed as Level 3 and they are evaluated through an adequate credit adjustment of the NAV based on the specific features of each fund.

### *Other funds*

The Group holds investments also in mutual funds, hedge funds and private equity funds.

Funds are usually assigned to Level 1 when a quoted price is available on an active market.

Funds are disclosed as Level 2 or Level 3 depending on NAV availability, portfolio transparency and possible issues relating to position write-off; these funds are measured on the basis of internal analysis that consider further information, included those provided by management companies.

### *Loans*

Fair Value of loans measured at fair value is determined using either quoted prices or discounted cash flows analysis. They are classified under Level 2 if implied credit spread curves, as well as any other parameters used for determining fair value, are observable on the market. In the case the spreads curves are not observable they are derived using an internal spread model that is based both on observable and unobservable inputs, in the case the impact of unobservable inputs is significant they are classified as Level 3. These include loans to corporates and household for which no indication of applicable credit spread is available and for which, therefore, fair value has been determined through internal credit risk parameters.

### *Property, plant and equipment measured at fair value*

The Group owns real estate assets for which changed, starting from 31 December 2019, its measurement accounting policy moving from a cost model to a fair value model for properties held for investment and revaluation model for properties used in business.

For both type of assets the fair value/revaluation model is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation by directly visiting the property and in consideration of market analysis (i.e. full appraisal) or, always considering the market analysis, on the basis of an indirect knowledge of the assets through the information made available by the owner and relating to the localisation, consistency, destination (i.e. desktop appraisal).

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

### **Fair Value Adjustments (FVA)**

Fair value adjustment is defined as the amount to be added either to the market observed mid-price or to the theoretical price generated by a valuation model with the aim of obtaining a fair value of the position. Therefore, FVA are aimed at insuring that the fair value reflects the actual exit price of a certain position.

Below a list of adjustments:

- Credit/Debit Valuation Adjustment ("CVA/DVA");
- Funding Cost and Benefit Value Adjustment ("FCA/FBA");
- model risk;
- close-out costs;
- other adjustments.

### *Credit/Debit Valuation Adjustment (CVA/DVA)*

Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively.

UniCredit CVA/DVA methodology is based on the following inputs:

- EAD derived by simulation techniques. Simulated exposures also take into account Specific Wrong-Way Risk that arises from transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD implied by current market default rates, obtained from Credit Default Swaps;
- LGD based on the estimated level of expected recovery should a counterparty default and implied by current market default rates, obtained from credit default swaps.

As at 31 December 2021, net CVA/DVA cumulative adjustment, relating to performing counterparts, amounts to €39.4 million negative; in addition, the adjustment related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €87 million negative.

### *Funding Cost and Benefit Adjustment ("FCA/FBA")*

Funding Valuation Adjustment ("FundVA") is the sum of a Funding Cost Adjustment ("FCA") and of a Funding Benefit Adjustment ("FBA") that indeed account for the expected future funding costs/benefits for derivatives that are not fully collateralised. Most material contributors are in-the-money trades with uncollateralised counterparties.

## Part A - Accounting policies

UniCredit FundVA methodology is based on the following inputs:

- positive and Negative exposure profiles derived leveraging on a risk-neutral spin-off of the counterparty credit risk internal model;
- PD term structure implied by current market default rates obtained from credit default swaps;
- a funding spread curve that is representative of the average funding spread of peer financial groups.

As at 31 December 2021 the Fair Value Adjustment component (FundVA) reflected into P&L amounts to €5 million negative.

### *Model risk*

Financial models are used for the valuation of the financial instruments if the direct market quotes are not deemed reliable. In general, the model risk is represented by the possibility that a financial instrument's evaluation is actually sensitive to the choice of model. It is possible to value the same financial instrument by using alternative models which could provide different results in term of pricing. The model risk adjustment refers to the risk that the actual fair value of the instrument differs from the value produced by the model.

### *Close-out cost*

It measures the implicit cost of closing a trading position. The position can be closed by a long position (or purchase in the case of a short position), or by entering into a new transaction (or several transactions) that offsets (hedges) the open position. The close-out costs are typically derived from the bid/ask spreads observed on the market. It accounts for the fact that a position is valued at mid but can only be closed at bid or ask. This adjustment is not needed when the position is marked at bid or ask and already represents an exit price. In addition, a close-out adjustment of the NAV is applied when there are some penalties relating to position write-off in an investment fund.

### *Other adjustments*

Other fair value adjustments, which are not included in the previous categories, could be taken into consideration to align the evaluation to the current exit price, also according to the level of liquidity of the market and valuation parameters, e.g. adjustment of equity prices whose quotation on the market are not representative of the effective exit price.

### **Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis**

Financial instrument not carried at fair value, for example retail loans and deposit, and credit facilities extended to corporate clients are not managed on a fair value basis.

For these instruments fair value is calculated for disclosure purposes only and does not impact the balance sheet or the profit or loss. Additionally, since these instruments generally do not trade, there is significant management judgment required to determine their fair values as defined by IFRS13.

### *Cash and cash balances*

Cash and cash balances are not carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk.

### *Financial assets at amortised cost*

For securities, fair value is determined according to what reported in section "Assets and liabilities measured at fair value on a recurring basis - Debt securities".

On the other hands, fair value for performing loans to banks and customers is determined using the discounted cash flow model adjusted for credit risk. Some portfolios are valued according to simplified approaches, which however take into account the financial features of the financial instruments.

### *Property, plant and equipment*

The fair value of under construction properties, obtained through the enforcement of guarantees received and the right of use of leased assets is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation by directly visiting the property and in consideration of market analysis (i.e. full appraisal) or, always considering the market analysis, on the basis of an indirect knowledge of the assets through the information made available by the owner and relating to the localisation, consistency, destination (i.e. desktop appraisal).

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

### *Financial liabilities at amortised cost*

Fair value for issued debt securities is determined using the discounted cash flow model adjusted for UniCredit credit risk. The Credit Spread takes seniority into account.



## Part A - Accounting policies

### **Description of the valuation techniques**

Specific valuation techniques are used to value positions for which a market price is not directly observable from market sources. The Bank uses well known valuation techniques for determining fair values of financial and non-financial instruments that are not actively traded and quoted. The valuation techniques used for Level 2 and 3 assets and liabilities are described below.

#### *Option Pricing Model*

Option Pricing models are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price.

Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.

#### *Discounted cash flow*

Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument. The model requires the estimation of the cash flow and the adoption of market's parameters for the discounting: discount rate or discount margin reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "discounted value".

The fair value of the contract is given by the sum of the present values of future cash flows.

#### *Hazard Rate Model*

The valuation of CDS instruments (Credit Default Swap) requires the knowledge of the entity's survival probability at future dates. The estimate of this probability curve uses the standard model for survival probabilities and requires as parameters the credit default swap market quotes on standard future dates in addition to the risk-free curve and the expected recovery rate.

The hazard rate is part of the described process and it indicates the instantaneous probability of default at different future instants.

#### *Market Approach*

A valuation technique that uses prices generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

#### *Gordon Growth Model*

A model used to determine the intrinsic value of a stock, based on a strip of future cash flows growing at a constant rate. Given a single cash flow and a hypothesis on constant growth through time, the model estimates the present value of future cash flows.

#### *Dividend Discount Model*

A model used to determine the value of a stock based on expectations on its future dividend flow.

Given a series of forecasts on dividends payable in future exercises and an hypothesis on the subsequent annual growth of dividends at a constant rate, the model estimates the fair value of a stock as the sum of the current value of all future dividends

#### *Adjusted NAV*

Net asset value is the total value of a fund's assets less liabilities. An increase in net asset value would result in an increase in a fair value measure. Usually for funds classified as Level 3, NAV represents a risk free valuation, therefore in this case the NAV is adjusted so as to consider the issuer's default risk.

### **Description of the inputs used to measure the fair value of items categorised in Level 2 and 3**

Hereby a description of the main significant inputs used to measure the fair value of items categorised in Level 2 and 3 of the fair value hierarchy.

#### *Volatility*

Volatility is the measure of the variation of price of a financial instrument over time. In particular, volatility measures the speed and severity of market price changes for an instrument, parameter or market index given the particular instrument, parameter or index changes in value over time, expressed as a percentage of relative change in price.

The higher the volatility of the underlying, the riskier the instrument. In general, long option positions benefit from increases in volatility, whereas short option positions will suffer losses.

There are different types of volatility:

- volatility of interest rate;
- inflation volatility;
- volatility of foreign exchange;
- volatility of equity stocks, equity or other indexes/prices.

## Part A - Accounting policies

### *Correlation*

Correlation is a measure of the relationship between the movements of two variables. When parameters are positively correlated, an increase in correlation results in a higher fair value measure. On the contrary, given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measure. Therefore, changes in correlation levels can have a major impact, favourable or unfavourable, on the fair value of an instrument, depending on the type of correlation. Correlation is a pricing input for a derivative product where the payoff is driven by multiple underlying risks. The level of correlation used in the valuation of derivatives with multiple underlying risks depends on a number of factors including the nature of those risks.

### *Dividends*

The derivation of a forward price for an individual stock or index is important both for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings and, to a lesser extent, the relevant funding rates applicable to the stock in question. The dividend yield and timing represent the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price.

### *Interest rate curve*

The calculation of the interest rate curve is based on standard bootstrapping techniques relying on the set of quotes of appropriate financial instruments, for each currency, which turns interest rates in zero-coupon.

Less liquid currencies interest rate curves refer to the rates in currencies for which a market liquidity doesn't exist in terms of tightness, depth and resiliency.

### *Inflation swap rate*

The determination of forward levels for inflation indexes is based on swap quote over inflation indexes. Swap over inflation may present a low liquidity level whether there is no liquid market in terms of rigidity, deepness and resistance.

### *Credit spreads*

Credit spreads reflects the credit quality of the associated credit name.

The credit spread of a particular security is reported in relation to the yield on a benchmark security or reference rate and is generally expressed in terms of basis points. In the loan evaluation model, the credit spread is used to estimate the market risk premium applied to discounting the cash-flows

### *Loss Given Default ("LGD")/Recovery Rate*

LGD also known as loss severity (the inverse concept is the recovery rate) represents the percentage of contractual cash flows lost in the event of a default, expressed as the net amount of loss relating to the outstanding balance. An increase in the loss severity, in isolation, would result in a decrease in a fair value measure. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

### *Price*

Where market prices are not observable, comparison via proxy is used to measure a fair value of the instrument.

### *Prepayment Rate ("PR")*

The PR is the estimated rate at which forecasted prepayments of principal of the related debt instrument are expected to occur. Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security.

In general, as prepayment speeds change, the weighted average life of the security changes, which impacts the valuation either positively or negatively, depending on the nature of the security and the direction of the change in the weighted average life.

### *Probability of Default ("PD")*

The probability of default is an estimate of the likelihood of not collecting contractual amounts. It provides an estimate of the likelihood that a client of a financial institution will be unable to meet its debt obligations over a particular time horizon. The PD of an obligor does not only depend on the risk characteristics of that particular obligor but also the economic environment and the degree to which it affects the obligor.

### *Early conversion*

The early conversion is the estimate of the probability that the liability would be converted into equity earlier than the terms stated.

### *EBITDA*

EBITDA is an indicator of the current operating profitability of the business, that is the income generated by the use of the company's assets and the commercialisation of the products manufactured.

## Part A - Accounting policies

### Ke

The Ke (cost of capital) represents the minimum rate that the company has to offer to its shareholders as remuneration for the funds received.

### Growth rate

It is the constant growth rate used for the future dividends estimate.

### Quantitative information on significant unobservable inputs used in the fair value measurement: accounting portfolios measured at fair value categorised as Level 3

The following table shows the relevant unobservable parameters for the valuation of financial instruments classified at fair value level 3 according to the IFRS13 definition.

(€ million)											
PRODUCT CATEGORIES		FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	VALUATION TECHNIQUES	UNOBSERVABLE PARAMETERS	UNCERTAINTY RANGES					
Derivatives	Financial	Foreign Exchange	17	3	Option Pricing Model	Volatility	0%	66%			
					Discounted Cash Flows	Interest rate (bps)	0	141			
		Interest Rate	40	170	Discounted Cash Flows	Swap Rate (bps)	0	141			
						Inflation Swap Rate (bps)	3	12			
		Equity & commodities	138	52	Option Pricing Model	Volatility	3%	15%			
						Correlation	2%	29%			
	Credit	0	0	Hazard Rate Model	Credit Spread (bps)	1	29				
					Recovery rate	0%	5%				
	Debt Securities and Loans	Corporate/Government/Other	140	257	Market Approach	Credit Spread (bps)	1	100			
						Mortgage & Asset Backed Securities	1,192	0	Discounted Cash Flows	Credit Spread (bps)	30
Recovery rate										0%	27%
Default Rate										0%	1%
Prepayment Rate										0%	6%
Equity Securities	Unlisted Equity & Holdings	1,138	0	Market Approach	Price (% of used value)	0%	4%				
				Gordon Growth Model	Ke	8%	12%				
					Growth Rate	1%	4%				
Units in Investment Funds	Real Estate & Other Funds	1,541	0	Adjusted Nav	PD	1%	30%				
					LGD	35%	60%				

### A.4.2 Valuations processes and sensitivities

The Bank verifies that the value attributed to each position reflects the current fair value in an appropriate way. Assets and liabilities subject to fair value measurements are determined using different techniques, among which (but not only) models such as *discounted cash flow* and internal models. On the basis of the observability of the input used, all the measurements are classified as Level 1, Level 2 or Level 3 of the fair value hierarchy.

When a financial instrument, measured at fair value, is valued through the use of one or more significant inputs not directly observable on the market, a further procedure for the price verification is implemented. These procedures include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and *benchmarking*. This approach uses subjective opinions and judgments based on experience and, therefore, it could require valuation adjustments which take into account the *bid/ask* spread, liquidity and counterparty risk, in addition to the valuation model type adopted.

According to Group Market Risk Governance guidelines, in order to ensure the right separateness of the functions in charge of the model development and those in charge of the validation processes, all the valuation models developed by Bank companies' front offices are independently tested centrally and validated by Risk Management functions.

## Part A - Accounting policies

The aim of this independent control structure is evaluating the model risk from a theoretical solidity, calibration techniques eventually applied and appropriateness of the model for a specific product in a defined market point of views.

In addition to the daily *mark-to-market* or *mark-to-model* valuation, the *Independent Price Verification* ("IPV") is applied by from *Market Risk* function with the aim of guaranteeing a fair value provided by an independent structure for all instruments, illiquid included.

### **Fair value sensitivity to variations in unobservable inputs used in the fair value computation for instruments categorised as Level 3**

The sensitivities to change in the unobservable parameter for the different financial instrument categories of level 3 valued at fair value are presented in the table below as change of corresponding relevant parameters:

- for derivatives on equities and commodities: 1% absolute of volatility, 10% relative of dividend, 1% absolute of correlation and 10% relative of volatility skew;
- for foreign exchanges: 1% absolute of underlying volatility;
- for interest rate derivatives: 1 basis point absolute of rates curves and volatilities or 1% absolute of swaption volatilities;
- for credit derivatives: 1 basis point absolute of credit spread or, if Level 3 attribution for a derivative is due to counterparty classification as not performing, the CVA impact of a 5% absolute shift of the recovery rate;
- for debt securities: 1 basis point absolute of credit spread;
- for equities: 1% of the underlying;
- for Units in Investment Funds quotes: 5 basis points absolute shift in PD and LGD, if evaluated leveraging on models considering counterparty credit risk as main risk factor, otherwise 1% of fair value.

		(€ million)	
PRODUCT CATEGORIES		FAIR VALUE MOVEMENTS	
Derivatives	Financial	Equities & Commodities	+/- 6.37
		Foreign Exchange	+/- -
		Interest Rate	+/- -
		Credit	+/- 3.17
	Debt Securities and Loans		Corporate/Government/Other
		Mortgage & Asset Backed Securities	+/- 0.34
Equity Securities		Unlisted Equity & Holdings	+/- 11.38
Units in investment funds		Real Estate & Other Funds	+/- 0.17

Within the unlisted Level 3 Units in Investment Funds, measured using a model, the shares in Atlante and Italian Recovery Fund, former Atlante II, (€327 million at 31 December 2021) are classified and, within Equity Securities, the investments in the Voluntary Scheme (as at 31 December 2021 equal to €2 million). For further information, please refer to Part B - Section 2 - Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value.

Amongst the financial instruments subject of valuation methods and sensitivity analysis, there are also included ABS issued by securitisation vehicles as per Italian law 130/99 where the Bank is both originator and underwriter of some issues and quotes of open investment funds acquired through credit disposal.

### **A.4.3 Fair value hierarchy**

IFRS13 establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted for valuations.

The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all the significant valuation inputs used. A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain the major part of the fair value variance itself.

In particular, three levels are considered:

- Level 1: the fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- Level 2: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are observable on active markets;
- Level 3: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are unobservable on active markets.

## Part A - Accounting policies

Financial instruments are classified to a certain fair value level according to the observability of the input used for the valuation.

**Level 1 (quoted prices in active markets):** at measurement date, quoted prices in active markets are available for identical assets or liabilities. An active market is a market in which orderly transactions for the asset or liability take place with sufficient frequency and volume for pricing information to be provided on an on-going basis (e.g. MTS market about prices for most of the government bonds therein traded).

**Level 2 (observable inputs):** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are observable if they are developed on the basis of publicly available information about actual events or transactions and reflect the assumptions that market participants would use when pricing the asset or liability.

**Level 3 (unobservable inputs):** inputs other than the ones included in Level 1 and Level 2, not directly observable on the market for the evaluation of asset and liability or used for the definition of significant adjustments to fair value. Unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Deciding among various valuation techniques to be used, the Group employs the one which maximises the use of observable inputs.

### Transfers between hierarchy levels

The main drivers to transfers in and out the fair values levels (both between Level 1 and Level 2 and in/out Level 3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.

Quantitative and qualitative details about transfers between fair value levels occurred in the period is presented in the paragraph "A.4.5 Fair value hierarchy" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - General, A.4 - Information on fair value, Quantitative information.

### A.4.4 Other information

The Bank uses the IFRS13 exception for fair value measurements on a net basis with reference to financial assets and liabilities with offsetting positions of market risk or counterparty credit risk.

## Quantitative information

### A.4.5 Hierarchy of fair value

The following tables show the portfolios breakdown in terms of (i) financial assets and liabilities valued at fair value as well as (ii) assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis, according to the above-mentioned levels.

#### A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at fair value through profit or loss	6,214	11,326	2,463	4,668	8,586	2,445
a) Financial assets held for trading	5,178	8,566	195	4,423	6,507	308
b) Financial assets designated at fair value	119	-	-	109	-	-
c) Other financial assets mandatorily at fair value	917	2,760	2,268	136	2,079	2,137
2. Financial assets at fair value through other comprehensive income	28,609	6,112	1,743	27,193	5,954	690
3. Hedging derivatives	38	4,324	-	114	6,018	-
4. Property, plant and equipment	-	-	2,568	-	-	2,608
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>34,861</b>	<b>21,762</b>	<b>6,774</b>	<b>31,975</b>	<b>20,558</b>	<b>5,743</b>
1. Financial liabilities held for trading	4,856	8,570	210	2,704	6,905	62
2. Financial liabilities designated at fair value	-	3,854	257	-	4,490	373
3. Hedging derivatives	51	4,777	15	126	5,905	-
<b>Total</b>	<b>4,907</b>	<b>17,201</b>	<b>482</b>	<b>2,830</b>	<b>17,300</b>	<b>435</b>

(€ million)

The item "1. c) Financial assets mandatorily at fair value" at Level 3 as at 31 December 2021 includes the investments in Atlante and Italian Recovery Fund (former Atlante II) carrying value €327 million and in "Schema Volontario" carrying value €2 million.

## Part A - Accounting policies

Since no market valuations or prices of comparable securities are available for "Schema Volontario", at 31 December 2021 the fair value of such instrument was determined using internal models (Discounted Cash Flow and Market Multiples) also having as reference the valuation of the financial assets of the "Schema Volontario" (supported by the advisor in charge) contained in the Report on operations of the "Schema Volontario" itself of December 2020, while concerning Atlante and Italian Recovery Fund, former Atlante II, the Fair Value has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered.

For further information refer to the paragraph "2.5 Other financial assets mandatorily at fair value: breakdown by product" of the Notes to the accounts, Part B - Balance sheets - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.

Transfers between level of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution.

Besides the transfers related to financial assets and liabilities carried at Level 3 detailed in the sections below during the year the following transfers occurred:

- Level 2 to Level 1 owing to an improvement of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for approximately €80 million.

### A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2021								
	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) FINANCIAL ASSETS MANDATORILY AT FAIR VALUE					
1. Opening balances	2,446	309	-	2,137	690	-	2,608	-	
2. Increases	2,276	1,644	-	632	1,170	-	106	-	
2.1 Purchases	968	449	-	519	289	-	5	-	
2.2 Profits recognised in	1,259	1,195	-	64	54	-	64	-	
2.2.1 Income statement	1,259	1,195	-	64	2	-	12	-	
- of which unrealised gains	90	32	-	58	-	-	12	-	
2.2.2 Equity	X	X	X	X	52	-	52	-	
2.3 Transfers from other levels	-	-	-	-	745	-	-	-	
2.4 Other increases	49	-	-	49	82	-	37	-	
3. Decreases	2,259	1,758	-	501	117	-	146	-	
3.1 Sales	1,345	1,290	-	55	7	-	5	-	
3.2 Redemptions	347	-	-	347	18	-	-	-	
3.3 Losses recognised in	547	468	-	79	87	-	96	-	
3.3.1 Income statement	547	468	-	79	25	-	88	-	
- of which unrealised losses	221	147	-	74	-	-	21	-	
3.3.2 Equity	X	X	X	X	62	-	8	-	
3.4 Transfers to other levels	1	-	-	1	-	-	43	-	
3.5 Other decreases	19	-	-	19	5	-	2	-	
- of which: business combinations	-	-	-	-	-	-	-	-	
4. Closing balances	2,463	195	-	2,268	1,743	-	2,568	-	

The sub-items "2.2.1 Profits recognised in Income statement" and "3.3.1 Losses recognised in Income statement" in financial assets are included in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

The sub-item "2.2.2 Profits recognised in Equity" and the sub-item "3.3.2 Losses recognised in Equity" reports the profits and the losses arising from fair value changes on financial assets at fair value through other comprehensive income and tangible assets used in business, with reference to land and buildings, according to the rules explained below.

With reference to financial assets at fair value through other comprehensive income these profits and losses are accounted in item "110. Valuation reserves" of shareholder's equity until the financial assets is not sold, instant in which cumulative gains and losses are reported: i) if referred to debt securities in income statement under item "100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income" and ii) if referred to equity instruments in the shareholder's equity under item "140. Reserves"; the exception regards the case of impairment and gains and losses on exchange rates on monetary assets (debt securities) which are reported respectively under



## Part A - Accounting policies

item "130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income" and item "80. Net gains (losses) on trading".

With reference to tangible assets used in business, the profits arising from the valuation are recognised in item "110. Valuation reserves" of shareholder's equity for the portion exceeding the cumulated losses recognised in item "230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value". Losses arising from the valuation are recognised in item "110. Valuation reserves" up to the cumulated profits recognised in the same item. Further losses are recognised in item "230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value". On disposal the cumulated profits reported in item "110. Valuation reserves" are recycled to item "140. Reserves".

Transfers between levels of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution.

In particular, during the financial year 2021 due to the occurred unobservability of the input used for the evaluation Senior bonds of Prisma securitisation, classified among the financial assets measured at fair value through other comprehensive income for an amount equal to 745 million, have been transferred from Level 2 to Level 3 of the fair value hierarchy.

### A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2021		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	HEDGING DERIVATIVES
<b>1. Opening balances</b>	<b>62</b>	<b>373</b>	<b>-</b>
<b>2. Increases</b>	<b>1,952</b>	<b>269</b>	<b>17</b>
2.1 Issuance	501	129	-
2.2 Losses recognised in	1,451	40	18
2.2.1 Income statement	1,451	29	18
- of which unrealised losses	193	24	15
2.2.2 Equity	X	11	-
2.3 Transfers from other levels	-	97	-
2.4 Other increases	-	3	(1)
<b>3. Decreases</b>	<b>1,804</b>	<b>385</b>	<b>2</b>
3.1 Redemptions	1,275	-	2
3.2 Purchases	-	207	-
3.3 Profits recognised in	529	23	-
3.3.1 Income statement	529	9	-
- of which unrealised gains	28	9	-
3.3.2 Equity	X	14	-
3.4 Transfers to other levels	-	140	-
3.5 Other decreases	-	15	-
of which: business combinations	-	-	-
<b>4. Closing balances</b>	<b>210</b>	<b>257</b>	<b>15</b>

The sub-items "2.2.1 Losses recognised in Income statement" and "3.3.1 Profits recognised in Income statement" in financial liabilities are included in the profit and loss in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

## Part A - Accounting policies

### A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

(€ million)

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at amortised cost	267,821	41,684	96,502	131,657	278,308	32,156	110,900	135,209
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	1,909	-	12	-	255	-	17	-
<b>Total</b>	<b>269,730</b>	<b>41,684</b>	<b>96,514</b>	<b>131,657</b>	<b>278,563</b>	<b>32,156</b>	<b>110,917</b>	<b>135,209</b>
1. Financial liabilities at amortised cost	370,017	32,064	118,430	221,096	369,226	31,162	72,769	267,703
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>370,017</b>	<b>32,064</b>	<b>118,430</b>	<b>221,096</b>	<b>369,226</b>	<b>31,162</b>	<b>72,769</b>	<b>267,703</b>

The changes occurred between 31 December 2020 and 31 December 2021 in the ratio between fair value and book value for financial assets at amortised cost reflect the enhancement of the methodology and the parameters adopted for the fair value calculation for disclosure and the evolution in the benchmark interest rate, in the risk premium and in the probability of default depending on or deriving from markets trend. These events together with the evolution of the approach to identify the significance of non-observable inputs have been reflected in fair value hierarchy level distribution.

The increase in the level 2 and the decrease in the level 3 of fair value hierarchy occurred in the item "1. Financial liabilities at amortised cost" mainly derives from the reclassification of the TLTRO exposures liabilities, due to a review of the evaluation model.

The book value of item "3. Non-current assets and disposal groups classified as held for sale" (Assets) includes amounts referred to assets measured on balance sheet on the basis of their cost for €1,897 million. For further details on this item see the table reported in the paragraph "11.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheet - Assets, Section 11 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with classified as held for sale - Item 100 (Assets) and Item 70 (Liabilities).

## A.5 - Information on "day one profit/loss"

The value at which financial instruments are recognised is equal to their fair value on the same date.

The fair value of financial instruments, other than those designated at fair value through profit or loss, at their recognition date is usually assumed to be equal to the amount collected or paid.

For financial instruments held for trading (refer to Sections 1.a) and 12 of part A.2 above) and instruments designated at fair value (refer to Sections 1.b) and 13 of part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the income statement.

The use of conservative valuation models, the processes described above for revising the models used and related parameters and value adjustments to reflect model risk ensure that the amount recognised in the income statement is not derived from the use of valuation parameters that cannot be observed.

More specifically, the calculation of fair value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of subjective parameters is not recognised in the profit and loss account, but changes the balance sheet value of these instruments.

The presence of further "day one profit" leads to the recognition of a distinct asset component that is the object of linear competition.

Recognition of this portion in the profit and loss account is then made only when objective parameters are applied and therefore the adjustments are derecognised.

The overall fair value adjustments to reflect these adjustments (amount not recognised in the Income statement) amounts to +€1.6 million as at 31 December 2021 (+€1.1 million as at 31 December 2020).

## Part B - Balance sheet - Assets

### Assets

#### Section 1 - Cash and cash balances - Item 10

##### 1.1 Cash and cash balances: breakdown

(€ million)

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
a) Cash	1,313	1,338
b) Current accounts and demand deposits with Central Banks	69,931	60,078
c) Current accounts and demand deposits with Banks	1,586	1,918
<b>Total</b>	<b>72,830</b>	<b>63,334</b>

The change in the item "Demand deposits with Central Banks" (equal to about €10 billion) is mainly attributable to investment of liquidity into overnight deposits with Banca d'Italia, in addition to the part that is maintained in the Compulsory Reserves, classified in the item Due from Banks. The aforementioned increase in liquidity position is substantially due to a net surplus of funds recognised both (i) in the context of commercial activity with customers (about €13 billion the annual change in the net imbalance between deposits and receivables from/to customers, mainly allocated into short-term positions) and (ii) as part of the interbank business (about €1 billion the annual change in the net imbalance between Deposits and Receivables from/to banks, mainly as a result of the decreased Reverse repos for approximately €1 billion).

#### Section 2 - Financial assets at fair value through profit or loss - Item 20

##### 2.1 Financial assets held for trading: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial assets (non-derivatives)</b>						
1. Debt securities	5,176	-	-	4,421	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	5,176	-	-	4,421	-	-
2. Equity instruments	-	-	-	-	-	-
3. Units in investment funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Reverse Repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total (A)</b>	<b>5,176</b>	<b>-</b>	<b>-</b>	<b>4,421</b>	<b>-</b>	<b>-</b>
<b>B. Derivative instruments</b>						
1. Financial derivatives	2	8,566	195	2	6,507	308
1.1 Trading	2	8,262	63	2	6,333	90
1.2 Linked to fair value option	-	154	114	-	79	197
1.3 Other	-	150	18	-	95	21
2. Credit derivatives	-	-	-	-	-	-
2.1 Trading	-	-	-	-	-	-
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
<b>Total (B)</b>	<b>2</b>	<b>8,566</b>	<b>195</b>	<b>2</b>	<b>6,507</b>	<b>308</b>
<b>Total (A+B)</b>	<b>5,178</b>	<b>8,566</b>	<b>195</b>	<b>4,423</b>	<b>6,507</b>	<b>308</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>13,939</b>			<b>11,238</b>

The sub-item "Financial assets (non-derivatives)" consists mainly of Italian Government bonds from Market Making activity.

The sub-item "Derivative instruments - Financial derivatives - Other" comprises derivatives that, for economic purposes, relate to banking book entries.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.

For further information refer to the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

## Part B - Balance sheet - Assets

## 2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>A. Financial assets (non-derivatives)</b>		
<b>1. Debt securities</b>	<b>5,176</b>	<b>4,421</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	5,176	4,421
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
<b>2. Equity instruments</b>	-	-
a) Banks	-	-
b) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
<b>3. Units in investment funds</b>	-	-
<b>4. Loans</b>	-	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total A</b>	<b>5,176</b>	<b>4,421</b>
<b>B. Derivative instruments</b>		
a) Central counterparties	1,303	416
d) Other	7,460	6,401
<b>Total B</b>	<b>8,763</b>	<b>6,817</b>
<b>Total (A+B)</b>	<b>13,939</b>	<b>11,238</b>

## 2.3 Financial assets designated at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>119</b>	-	-	<b>109</b>	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	119	-	-	109	-	-
<b>2. Loans</b>	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
<b>Total</b>	<b>119</b>	-	-	<b>109</b>	-	-
<b>Total Level 1, Level 2 and Level 3</b>	<b>119</b>			<b>109</b>		

The items are composed of government debt securities.

## Part B - Balance sheet - Assets

## 2.4 Financial assets designated at fair value: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Debt securities</b>	<b>119</b>	<b>109</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	119	109
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
<b>2. Loans</b>	<b>-</b>	<b>-</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>119</b>	<b>109</b>

## 2.5 Other financial assets mandatorily at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>588</b>	<b>2,684</b>	<b>148</b>	<b>80</b>	<b>2,001</b>	<b>167</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	588	2,684	148	80	2,001	167
<b>2. Equity instruments</b>	<b>329</b>	<b>52</b>	<b>489</b>	<b>56</b>	<b>49</b>	<b>491</b>
<b>3. Units in investment funds</b>	<b>-</b>	<b>24</b>	<b>1,542</b>	<b>-</b>	<b>28</b>	<b>1,437</b>
<b>4. Loans</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>-</b>	<b>1</b>	<b>42</b>
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	89	-	1	42
<b>Total</b>	<b>917</b>	<b>2,760</b>	<b>2,268</b>	<b>136</b>	<b>2,079</b>	<b>2,137</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>5,945</b>			<b>4,352</b>

The sub-item "Debt securities" includes investments in FINO Project's Mezzanine and Junior Notes with a value of €43 million, Mezzanine and Junior bonds of Prisma securitisation for €3 million and Mezzanine and Junior bonds of Olympia for €1 million.

Increase in respect of last year is mainly due to subscription of Additional Tier 1 instruments issued by the subsidiary UniCredit Bank Austria AG for a nominal amount of €600 million.

The item "Equity instruments" includes the investment in a "Schema Volontario" (presented among Level 3 instruments) with a value of €2 million. Further, stake in Yapi Ve Kredi Bankasi A.S., reclassified into mandatory at fair value instruments after the loss of significant influence occurred at the end of 2021, is included for €229 million.

The item "3 Unit in investment funds" includes the investments in Atlante and Italian Recovery Fund, former Atlante II (presented among Level 3) instruments, with a value of €327 million.

The item "4. Loans" includes exposures which have been granted payment moratoriums related to the Covid-19 pandemic context for a total amount of €5 million.

## Part B - Balance sheet - Assets

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

### Exposures to securities relating to Securitisation transactions

(€ million)	
TRANCHING	AMOUNTS AS AT 12.31.2021
Senior	-
Mezzanine	41
Junior	50
<b>Total</b>	<b>91</b>

### Information about the units of Atlante Fund and Italian Recovery Fund (former Atlante II)

Atlante is a closed-end alternative investment fund (FIA) ruled by Italian law reserved to professional investors and managed by DeA Capital Alternative Funds SGR S.p.A. ("DeA"). The size of the fund was equal to €4,249 million, of which UniCredit S.p.A. invested for about 19.9%. The investment policy of Atlante foresees that the fund may be invested (i) in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realise, upon request of the supervisory authority, actions of capital strengthening through capital increases and (ii) in Non-Performing Loans (NPLs) of a plurality of Italian banks.

With reference to Atlante fund, as at 31 December 2021 UniCredit S.p.A. holds shares classified as financial assets mandatory at fair value with a carrying value of €157 million. The year-to-date overall cash investments are equal to €844 against which impairments for €684 million and positive fair value changes for €20 million were carried out. Received reimbursement amount to €23 million. In addition, UniCredit S.p.A. has a residual commitment to invest in the fund for an amount less than €2 million.

On August 2016, it was launched the Atlante II fund, redenominated Italian Recovery Fund since 27 October 2017, a closed-end investment alternative fund reserved to professional investors, also managed by DeA, which, unlike the Atlante fund, may invest only in NPL and instruments linked to NPL transactions (such as warrants) in order to reduce the risk in line with the parameters used by the largest world institutional investors. With reference to Italian Recovery Fund, as at 31 December 2021 UniCredit S.p.A. holds shares with a carrying value of €170 million, classified as financial assets mandatory at fair value. The year-to-date overall cash investments are equal to €187 against which positive fair value changes for €14 million were carried out. Received reimbursement amount to €31 million. In addition, UniCredit S.p.A. has a residual commitment to invest in Italian Recovery Fund for about €8 million.

As at 31 December 2021 the book value (fair value) of these funds has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered. This fair value valuation resulted in a lower value of €8 million in the year, accounted in the profit and loss.

Under a regulatory perspective, the treatment of the quotes held by UniCredit S.p.A. in the Atlante Fund and Italian Recovery Fund foresees the application of article 128 of the CRR (Items associated with particular high risk). With reference to the residual commitments, the regulatory treatment foresees the application of a Credit Conversion Factor equal to 100% ("full risk" according to the Annex I of CRR), for the calculation of the related Risk Weighted Assets.

### Information about the investment in the Schema Volontario

In November 2015 UniCredit S.p.A. has joined the "Schema Volontario" (hereafter "SV"), a private entity introduced by Fondo Interbancario di Tutela dei Depositi ("FITD"), with appropriate modification of its statute.

SV is an instrument for the resolution of bank crises through supporting measures in favour of its member banks, if specific conditions laid down by the legislation occur. SV has an independent funding and the participating banks are committed to supply the relevant resources upon demand, when resources are needed to fund interventions. The initial participating size of the SV has been set up to €700 million (of which €110 million referred to UniCredit S.p.A.).

Here follow the main transactions carried out by SV.

### Cassa di Risparmio di Cesena (CariCesena)

In June 2016 the SV approved an action supporting CariCesena, in relation to a capital increase approved by the bank itself on 8 June 2016 for €280 million of which €44 million referred to UniCredit S.p.A. On 30 September 2016 this commitment was converted into a monetary payment which has led to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as "available for sale" for €44 million for UniCredit S.p.A. (in line with the monetary payment). The update of the evaluation of the instruments as at 31 December 2016, according to an internal evaluation model based on multiples of a banking basket integrated with estimates on Cassa di Risparmio di Cesena's credit portfolio and the related equity/capital needs, brought to the full impairment of the position.



## Part B - Balance sheet - Assets

### ***CariCesena, Cassa di Risparmio di Rimini (Carim) e Cassa di Risparmio di San Miniato (Carismi)***

In September 2017, in order to face Crédit Agricole CariParma intervention in favour of CariCesena, Carim and Carismi, based on a capital increase of €464 million and on the subscription of bonds from NPL securitisation of these banks for €170 million, the Fund increased its capital endowment for €95 million (to an overall amount of €795 million), increasing the residual commitment referred to UniCredit S.p.A. to €81 million. Hence, in the same month UniCredit S.p.A. paid €9 million in respect of the part of the intervention relating to the capital increase of Carim and Carismi, and in December 2017, UniCredit S.p.A. paid the remaining €72 million (of which €45 million referred to the capital increase of the banks and €27 million referred to the subscription of securitisations). Following these events, UniCredit group's residual commitment towards SV was substantially nil. All the payments referred to the capital increase of the banks brought to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as "available for sale" and amounting to €54 million for UniCredit S.p.A., entirely cancelled in 2017 financial statements due to the sale of the banks to Crédit Agricole CariParma at a symbolic price.

Regarding the portion of investment referred to the subscription of SV of Junior and Mezzanine quotes of the securitisation, the initial value (€27 million for UniCredit S.p.A.) was rectified in 2017 to reflect fair value valuation declared by the SV (€4 million for UniCredit S.p.A.) resulting from the analysis conducted by the advisors in charge of the underlying credits evaluation, conducted according to a Discounted Cash Flow model based on recovery plans elaborated by SPV's special servicer.

Following the update of the assessment received from the SV (supported by the analysis of the appointed advisor), as at 31 December 2021 UniCredit S.p.A. recognised an accumulated impairment of €2.6 million (€0.1 million during 2021). Thus, 31 December 2021, UniCredit S.p.A. carrying value of investments related to securitisation is equal to nearly €1.8 million.

### ***Banca Carige***

On 30 November 2018, the Shareholders' Meeting of the SV decided to intervene in favour of Banca Carige S.p.A. by subscribing a Tier 2 subordinated loan (for a maximum amount of €320 million) issued by Banca Carige S.p.A. and addressed to the conversion into capital to the extent necessary to allow an expected capital increase of €400 million.

On the same date, within the framework of the agreement stipulated with SV, Banca Carige S.p.A. placed bonds for €320 million, of which €318.2 million subscribed directly through the SV itself. The bonds were issued at par (100% of the nominal value), with a fixed rate coupon of 13% and a maturity of 10 years (maturity 30 November 2028).

Considering the failure to provide by 22 December 2018 the delegation to the Board of Directors by the Extraordinary Shareholders' Meeting of Banca Carige S.p.A. to increase by payment the share capital for a maximum total amount of €400 million, with retroactive effect interests on the principal amount of outstanding bonds from time to time mature at a nominal fixed rate of 16% starting from the date of issue.

With reference to the intervention in favour of Banca Carige S.p.A., UniCredit S.p.A. contribution to the SV at the recognition date amounts to €53 million, and it has been identified as a financial instrument classified, on the basis of the existing accounting standard IFRS9, under item "20.c) Financial assets mandatorily at fair value through profit or loss".

As at 31 December 2018, following the evaluation process of the investment, UniCredit S.p.A. recognised impairments for €16 million, thus bringing the carrying value of the instrument to €37 million.

As at 31 December 2019 UniCredit S.p.A. has evaluated instrument's fair value according to internal models (Market Multiples and Multi-Scenario Analysis) for €13 million, also considering the occurred reimbursement of interests for €9 million.

Update of evaluation at 31 December 2020 has determined a fair value of €5.1 million.

As at 31 December 2021 fair value is substantially zeroed, resulting in an impairment of €5.1 million recognised into profit and loss.

## Part B - Balance sheet - Assets

## 2.6 Other Financial assets mandatorily at fair value: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Equity instruments</b>	<b>870</b>	<b>596</b>
of which: banks	229	-
of which: other financial companies	104	103
of which: non-financial companies	537	494
<b>2. Debt securities</b>	<b>3,420</b>	<b>2,248</b>
a) Central banks	-	-
b) Governments and other Public Sector Entities	65	68
c) Banks	3,053	2,010
d) Other financial companies	295	165
of which: insurance companies	69	45
e) Non-financial companies	7	5
<b>3. Units in investment funds</b>	<b>1,566</b>	<b>1,465</b>
<b>4. Loans and advances</b>	<b>89</b>	<b>43</b>
a) Central banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	37	-
of which: insurance companies	-	-
e) Non-financial companies	52	43
f) Households	-	-
<b>Total</b>	<b>5,945</b>	<b>4,352</b>

The item "1. Equity instruments of which: Banks" includes Yapi Ve Kredi Bankasi A.S. stake.

For further details on the Yapi Ve kredi Bankasi A.S.'s transaction refer to the paragraph "7.1 Equity investments: information on shareholders' equity" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70.

## Section 3 - Financial assets at fair value through other comprehensive income - Item 30

## 3.1 Financial assets at fair value through other comprehensive income: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>28,603</b>	<b>5,558</b>	<b>1,095</b>	<b>27,176</b>	<b>5,150</b>	<b>128</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	28,603	5,558	1,095	27,176	5,150	128
<b>2. Equity instruments</b>	<b>6</b>	<b>554</b>	<b>648</b>	<b>17</b>	<b>804</b>	<b>562</b>
<b>3. Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>28,609</b>	<b>6,112</b>	<b>1,743</b>	<b>27,193</b>	<b>5,954</b>	<b>690</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>36,464</b>			<b>33,837</b>		

Changes in debt securities is mainly determined by new purchases of government bonds net of sales and maturities.

Item "Debt Securities" includes FINO Project's investments in Senior and in part in Mezzanine notes, qualified as Level 3 instruments, with a value of €88 million, in Senior bonds of Prisma securitisation for €745 million, qualified as Level 3 instruments, in Senior bonds of Relais for €407 million, qualified as Level 2 instruments, and in Senior bonds of Olympia securitisation, qualified as Level 3 instruments, for €261 million.

It should be noted, in particular, that during 2021, as a result of the occurred unobservability of inputs used in the valuation, the senior class securities related to Prisma securitisation have been reclassified from Level 2 to Level 3 of the Fair value hierarchy.

Item "Equity instruments" includes Banca d'Italia stake (presented among Level 2 instruments), with a value of €554 million and ABH Holding SA investments (presented among Level 3 instruments) acquired in contemplation of the sale of PJSC Ukrsoibank to Alfa Group, with a value of €287 million, equal to the consideration of the put option of the shares exercised by UniCredit S.p.A. on 9 November 2021.

## Part B - Balance sheet - Assets

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

### Exposures to securities relating to Securitisation transactions

	(€ million)
TRANCHING	AMOUNTS AS AT 12.31.2021
Senior	1,490
Mezzanine	12
Junior	-
<b>Total</b>	<b>1,502</b>

### Information about the shareholding in Banca d'Italia

Since the end of 2015, UniCredit S.p.A. started the disposal of its stake in Banca d'Italia for an amount corresponding to its carrying value. Until the end of 2021, UniCredit S.p.A. completed the disposal of about 14.7% of the share capital of Banca d'Italia for about €1.105 million, of which about €251 million in 2021 (equal to about 3.3%), thus reducing its shareholding to 7.4% (carrying value equal to about €554 million).

The disposal process is the result of a capital increase carried out by Banca d'Italia in 2013 when, in order to facilitate the redistribution of shares, a limit of 3% was introduced in respect of holding shares: after an interim period of no more than 36 months, no economic rights were applicable to shares exceeding the above limit. Such limit is now equal to 5%, following a legislative change.

During the last years, the shareholders with excess shares started the disposal process, finalising sales for approximately 50% of Banca d'Italia total capital. The carrying value as at 31 December 2021, in line with the figure at the end of the previous year and the outcome of the measurement conducted by the committee of high-level experts on behalf of Banca d'Italia at the time of the capital increase, is supported by the price consideration of the transactions that took place since 2015. The relevant measurement was therefore confirmed as Level 2 in the fair value classification.

With regard to regulatory treatment as at 31 December 2021, the value of the investment, measured at fair value, is given a weighting of 100% (in accordance with article 133 "Exposures in Equity Instruments" of the CRR).

### 3.2 Financial assets at fair value through other comprehensive income: breakdown by borrowers/issuers

	(€ million)	
	AMOUNTS AS AT	
ITEMS/VALUES	12.31.2021	12.31.2020
<b>1. Debt securities</b>	<b>35,256</b>	<b>32,454</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	30,552	28,405
c) Banks	1,936	1,839
d) Other financial companies	1,956	1,434
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	812	776
<b>2. Equity instruments</b>	<b>1,208</b>	<b>1,383</b>
a) Banks	614	870
b) Other issuers	594	513
- Other financial companies	459	370
<i>of which: insurance companies</i>	3	5
- Non-financial companies	135	143
- Other	-	-
<b>3. Loans and advances</b>	<b>-</b>	<b>-</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>36,464</b>	<b>33,837</b>

The item "2. Equity instruments a) Banks" includes Banca d'Italia stake.

## Part B - Balance sheet - Assets

## 3.3 Financial assets at fair value through other comprehensive income: gross value and total accumulated impairments

										(€ million)
	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				PARTIAL ACCUMULATED WRITE-OFFS(*)
	STAGE 1	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	
Debt securities	35,264	35,263	44	2	-	52	-	2	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-
<b>Total 12.31.2021</b>	<b>35,264</b>	<b>35,263</b>	<b>44</b>	<b>2</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Total 12.31.2020</b>	<b>32,493</b>	<b>32,492</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>

Note:

(\*) Value shown for information purposes.

## Section 4 - Financial assets at amortised cost - Item 40

## 4.1 Financial assets at amortised cost: breakdown by product of loans and advances to banks

Financial assets at amortised cost and available-for-sale financial assets and advances to banks													(€ million)
TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021						AMOUNTS AS AT 12.31.2020						
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE			
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	
A. Loans and advances to Central Banks	15,117	-	-	-	453	14,664	13,735	-	-	-	-	13,735	
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X	
2. Compulsory reserves	14,663	-	-	X	X	X	13,735	-	-	X	X	X	
3. Reverse repos	452	-	-	X	X	X	-	-	-	X	X	X	
4. Other	2	-	-	X	X	X	-	-	-	X	X	X	
B. Loans and advances to banks	22,257	-	-	3,872	14,356	4,206	26,163	-	-	2,063	19,300	5,085	
1. Loans	11,611	-	-	-	7,472	4,196	19,651	-	-	-	14,603	5,075	
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X	
1.2 Time deposits	2,194	-	-	X	X	X	3,641	-	-	X	X	X	
1.3 Other loans	9,417	-	-	X	X	X	16,010	-	-	X	X	X	
- Reverse repos	4,487	-	-	X	X	X	10,344	-	-	X	X	X	
- Lease Loans	17	-	-	X	X	X	19	-	-	X	X	X	
- Other	4,913	-	-	X	X	X	5,647	-	-	X	X	X	
2. Debt securities	10,646	-	-	3,872	6,884	10	6,512	-	-	2,063	4,697	10	
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Other	10,646	-	-	3,872	6,884	10	6,512	-	-	2,063	4,697	10	
Total	37,374	-	-	3,872	14,809	18,870	39,898	-	-	2,063	19,300	18,820	
Total Level 1, Level 2 and Level 3													40,183

## Part B - Balance sheet - Assets

## 4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021						AMOUNTS AS AT 12.31.2020					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Loans</b>	<b>188,688</b>	<b>3,772</b>	<b>1</b>	<b>-</b>	<b>81,509</b>	<b>112,265</b>	<b>204,612</b>	<b>3,645</b>	<b>1</b>	<b>-</b>	<b>91,154</b>	<b>116,021</b>
1.1 Current accounts	6,523	248	-	X	X	X	7,640	310	-	X	X	X
1.2 Reverse repos	16,580	-	-	X	X	X	30,469	-	-	X	X	X
1.3 Mortgages	104,174	2,440	1	X	X	X	100,922	2,216	1	X	X	X
1.4 Credit cards and personal loans, including wage assignment	10,438	185	-	X	X	X	10,404	192	-	X	X	X
1.5 Lease loans	53	-	-	X	X	X	57	-	-	X	X	X
1.6 Factoring	180	1	-	X	X	X	203	1	-	X	X	X
1.7 Other loans	50,740	898	-	X	X	X	54,917	926	-	X	X	X
<b>2. Debt securities</b>	<b>37,986</b>	<b>-</b>	<b>-</b>	<b>37,812</b>	<b>184</b>	<b>522</b>	<b>30,152</b>	<b>-</b>	<b>-</b>	<b>30,093</b>	<b>446</b>	<b>368</b>
2.1 Structured securities	41	-	-	-	-	41	35	-	-	-	-	35
2.2 Other debt securities	37,945	-	-	37,812	184	481	30,117	-	-	30,093	446	333
<b>Total</b>	<b>226,674</b>	<b>3,772</b>	<b>1</b>	<b>37,812</b>	<b>81,693</b>	<b>112,787</b>	<b>234,764</b>	<b>3,645</b>	<b>1</b>	<b>30,093</b>	<b>91,600</b>	<b>116,389</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>232,292</b>						<b>238,082</b>		

Increase of impaired loans to customers (Stage 3) is due to adoption of New Definition of Default from 1 January 2021, whose effects have been partially compensated by disposal transactions performed during the period.

Debt securities increase due to purchases of bonds mainly issued by Governments.

The item "2.2 Other debt securities" include securities related to securitisation transactions shown in the following table.

It should be noted that during the period, the sales performed out of Item "40. Financial assets at amortised cost" have been non-significant being below the threshold established internally.

The fair value of impaired loans was estimated by considering that the realizable value expressed by the net book value is the best estimate of the future expected cash flows discounted at the valuation date, further adjusted to incorporate, when available, a premium derived from significant market's transaction for similar instruments. According to this assumption, impaired loans were classified as Level 3 in the fair value hierarchy.

Loans and receivables with customers are not managed on the basis of their fair value, which is only shown in order to meet disclosure requirements. Fair value measurements have been classified according to a hierarchy of levels reflection the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

## Exposures to securities relating to Securitisation transactions

(€ million)

AMOUNTS AS AT 12.31.2021	
<b>TRANCHING</b>	
Senior	1
Mezzanine	-
Junior	-
<b>Total</b>	<b>1</b>

## Part B - Balance sheet - Assets

## 4.3 Financial assets at amortised cost: breakdown by borrowers/issuers of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
<b>1. Debt securities</b>	<b>37,986</b>	<b>-</b>	<b>-</b>	<b>30,152</b>	<b>-</b>	<b>-</b>
a) Governments and other Public Sector Entities	35,268	-	-	27,786	-	-
b) Other financial companies	209	-	-	234	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	2,509	-	-	2,132	-	-
<b>2. Loans</b>	<b>188,688</b>	<b>3,772</b>	<b>1</b>	<b>204,612</b>	<b>3,645</b>	<b>1</b>
a) Governments and other Public Sector Entities	3,378	213	-	3,493	183	-
b) Other financial companies	45,300	120	-	61,301	159	-
of which: insurance companies	569	-	-	862	-	-
c) Non-financial companies	77,099	1,869	-	79,174	2,191	1
d) Households	62,911	1,570	1	60,644	1,112	-
<b>Total</b>	<b>226,674</b>	<b>3,772</b>	<b>1</b>	<b>234,764</b>	<b>3,645</b>	<b>1</b>

## 4.4 Financial assets at amortised cost: gross value and total accumulated impairments

Note:

(\*) Value shown for information purposes.

For additional information on this section refer to the paragraph "A. Credit quality", Note to the accounts, Part E - Information on risks and hedging policies, Quantitative information.

## 4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				PARTIAL ACCUMULATED WRITE-OFFS(*)
	STAGE 1		STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION								
1. EBA-compliant moratoria loans and advances	35	-	81	2	-	-	5	1	-	-
2. Loans under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	174	-	1,805	54	-	1	106	28	-	-
3. Loans and advances with other forbearance measures	-	-	2,387	682	-	-	184	222	-	-
4. Newly originated loans and advances	14,869	-	7,293	169	-	16	49	56	-	-
<b>Total 12.31.2021</b>	<b>15,078</b>	<b>-</b>	<b>11,566</b>	<b>907</b>	<b>-</b>	<b>17</b>	<b>344</b>	<b>307</b>	<b>-</b>	<b>-</b>
<b>Total 12.31.2020</b>	<b>16,957</b>	<b>-</b>	<b>12,129</b>	<b>243</b>	<b>-</b>	<b>45</b>	<b>438</b>	<b>125</b>	<b>-</b>	<b>-</b>



## Part B - Balance sheet - Assets

## Section 5 - Hedging derivatives - Item 50

## 5.1 Hedging derivatives: breakdown by hedged risk and fair value hierarchy

(€ million)

	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Financial derivatives</b>	<b>38</b>	<b>4,324</b>	<b>-</b>	<b>250,560</b>	<b>114</b>	<b>6,018</b>	<b>-</b>	<b>228,032</b>
1) Fair value	38	3,608	-	226,933	114	5,245	-	215,881
2) Cash flows	-	716	-	23,627	-	773	-	12,151
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>38</b>	<b>4,324</b>	<b>-</b>	<b>250,560</b>	<b>114</b>	<b>6,018</b>	<b>-</b>	<b>228,032</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>4,362</b>				<b>6,132</b>			

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurements. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

## 5.2 Hedging derivatives: composition for covered portfolios and by type of hedging

(€ million)

TRANSACTIONS/TYPE OF HEDGES	AMOUNTS AS AT 12.31.2021									
	FAIR VALUE							CASH FLOW		
	MICRO-HEDGE									
	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHERS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Financial assets at fair value through other comprehensive income	107	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	325	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	1,070	X	439	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,070</b>	<b>-</b>	<b>439</b>	<b>-</b>
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	2,144	X	277	X
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,144</b>	<b>-</b>	<b>277</b>	<b>-</b>
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

## Part B - Balance sheet - Assets

## Section 6 - Changes in fair value of portfolio hedged items - Item 60

## 6.1 Changes to macro-hedged financial assets: breakdown by hedged portfolio

(€ million)

CHANGES TO HEDGED ASSETS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Positive changes</b>	<b>2,331</b>	<b>3,458</b>
1.1 Of specific portfolios	-	-
a) Financial assets at amortised cost	-	-
b) Financial assets at fair value through other comprehensive income	-	-
1.2 Overall	2,331	3,458
<b>2. Negative changes</b>	<b>973</b>	<b>1,023</b>
2.1 Of specific portfolios	-	-
a) Financial assets at amortised cost	-	-
b) Financial assets at fair value through other comprehensive income	-	-
2.2 Overall	973	1,023
<b>Total</b>	<b>1,358</b>	<b>2,435</b>

The decrease in the item is mainly attributable to the evolution in the markets interest rate curves observed in 2021.

## Section 7 - Equity investments - Item 70

## 7.1 Equity: information on shareholder's equity

COMPANY NAME	MAIN OFFICE LEGAL	MAIN OFFICE OPERATIVE <sup>(1)</sup>	EQUITY % <sup>(2)</sup>	VOTING RIGHTS %
<b>A. Subsidiaries</b>				
1 Anthemis EVO LLP	London	London	99.99%	100.00%
2 AO UniCredit Bank	Moscow	Moscow	100.00%	
3 Cordusio SIM S.p.A.	Milan	Milan	100.00%	
4 Cordusio Società Fiduciaria per Azioni	Milan	Milan	100.00%	
5 Crivelli S.r.l.	Milan	Milan	100.00%	
6 Island Finance (ICR4) S.r.l. (in liquidation)	Rome	Rome	100.00%	
7 Nuova Compagnia di Partecipazioni S.p.A.	Rome	Rome	100.00%	
8 PAI (Bermuda) Limited	Hamilton	Hamilton	100.00%	
9 Pai Management LTD	Dublin	Dublin	100.00%	
10 Pirta Verwaltungs GMBH	Wien	Wien	100.00%	
11 Sanità - S.r.l. (in liquidation)	Rome	Rome	99.60%	
12 Società di Gestioni Esattoriali in Sicilia SO.G.E.SI. S.p.A. (in liquidation)	Palermo	Palermo	80.00%	
13 Sofigere Société par Actions Simplifiée	Paris	Paris	100.00%	
14 UniCredit Bank A.D. Banja Luka	Banja Luka	Banja Luka	99.44%	
15 UniCredit Bank AG	Munich	Munich	100.00%	
16 UniCredit Bank Austria AG	Wien	Wien	100.00% <sup>(A)</sup>	
17 UniCredit Bank Czech Republic and Slovakia A.S.	Prague	Prague	100.00%	
18 UniCredit Bank Hungary ZRT	Budapest	Budapest	100.00%	
19 UniCredit Bank S.A.	Bucharest	Bucharest	98.63%	
20 UniCredit Bank Serbia JSC	Belgrade	Belgrade	100.00%	
21 UniCredit Banka Slovenija D.D.	Ljubljana	Ljubljana	100.00%	
22 UniCredit BPC Mortgage S.r.l.	Verona	Verona	60.00%	
23 UniCredit Bulbank A.D.	Sofia	Sofia	99.45%	
24 UniCredit Consumer Financing IFN S.A.	Bucharest	Bucharest	49.90% <sup>(B)</sup>	
25 UniCredit Factoring S.p.A.	Milan	Milan	100.00%	
26 UniCredit Global Leasing Export GMBH	Wien	Wien	100.00%	
27 UniCredit International Bank (Luxembourg) S.A.	Luxembourg	Luxembourg	100.00%	
28 UniCredit Myagents S.r.l.	Bologna	Bologna	100.00%	
29 UniCredit OBG S.r.l.	Verona	Verona	60.00%	
30 UniCredit Services S.c.p.A.	Milan	Milan	100.00% <sup>(C)</sup>	
31 UniCredit Subito Casa S.p.A.	Milan	Milan	100.00%	
32 UniCredit Turn-Around Management CEE GMBH	Wien	Wien	100.00%	
33 Visconti S.r.l.	Milan	Milan	76.00%	
34 Zagrebacka Banka D.D.	Zagreb	Zagreb	84.48%	

## Part B - Balance sheet - Assets

continued: 7.1 Equity: information on shareholder's equity

COMPANY NAME	MAIN OFFICE LEGAL	MAIN OFFICE OPERATIVE <sup>(*)</sup>	EQUITY % <sup>(**)</sup>	VOTING RIGHTS %
<b>C. Companies under significant influence</b>				
1 Asset Bancari II	Milan	Milan	21.55% <sup>(D)</sup>	
2 Aviva S.p.A.	Milan	Milan	49.00%	
3 Camfin S.p.A.	Milan	Milan	8.53%	15.82%
4 CNP UniCredit Vita S.p.A.	Milan	Milan	38.80%	
5 Compagnia Aerea Italiana S.p.A.	Rome	Rome	36.59%	
6 Creditas Assicurazioni S.p.A.	Milan	Milan	50.00%	
7 Creditas Vita S.p.A.	Milan	Milan	50.00%	
8 Europrogetti & Finanza S.p.A. (in liquidation)	Rome	Rome	39.79%	
9 Focus Investments S.p.A.	Milan	Milan	8.33%	25.00%
10 Incontra Assicurazioni S.p.A.	Milan	Milan	49.00%	
11 Maccorp Italiana S.p.A.	Milan	Milan	28.01%	
12 UniQLegal S.t.a.p.A.	Milan	Milan	9.00%	

**Notes:**

(\*) Also meaning the administrative office.

(\*\*) The equity stake is held by the Parent Company and does not include any stake held by other Group companies.

(A) A fractional share is held by third parties.

(B) The remaining share of 50.10% is held indirectly by UniCredit Bank S.A.

(C) A fractional share is held by various Group companies and by third parties.

(D) It is a real estate closed-end investment fund

Subsidiaries no more include UniCredit Bank Ireland PLC (booked for €1.975 million at December 2020) following the business combination under common control realized at the end of 2021 the brought to its merge into UniCredit S.p.A. and UniCredit Leasing S.p.A. (booked for €650 million at December 2020) following its reclassification into assets held for sale.

Subsidiaries under significative influence non more include Yapi Ve kredi Bankasi A.S. following the loss of significative influence and the reclassification into assets mandatory at fair value (for further details on the Yapi Ve kredi Bankasi A.S. transaction refer to the paragraph "7.1 Equity investments: information on shareholders' equity", of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet, Assets, Section 7 - Equity investments - Item 70).

**Valuation of investment in subsidiaries**

The investments are individually tested for impairment in accordance with the provisions of IAS36. When the conditions provided for therein apply, their recovery value is determined, meant as the higher of their "fair value" and "value in use" (the latter determined by discounting the cash flows at a rate that takes account of the current market rates and the specific risks of the asset or using other commonly accepted valuation criteria and methods suitable for the correct valuation of the investment). If the recovery value is lower than the carrying amount, the latter is consequently reduced by allocating the corresponding impairment loss to the income statement.

On the basis of the above impairment loss has been recognised in subsidiaries, including: UniCredit Leasing S.p.A. (-€280 million, before its reclassification under assets held for sale), Yapi Ve Kredi Bankasi A.S. (-€249 million, before its reclassification among the instruments mandatorily valued at fair value), Cordusio SIM S.p.A. (-€104 million), Pioneer Alternative Investments Management Ltd (-€8 million), UniCredit Turn Around Management Cee GmbH (-€8 million), Nuova Compagnia di Partecipazioni S.p.A. (-€3 million). Further, some write-ups have been recognised, including: UniCredit Bank AG (€ 4,958 million), UniCredit Bank Austria AG (€2,972 million), CNP UniCredit Vita S.p.A. (€43 million), UniCredit International Luxembourg S.A. (€5 million), Crivelli SRL (€3 million), UniCredit Subito Casa S.p.A. (€1 million).

The item Equity investments is equal to €38,414 million of which €824 million related to investments in associates and €37,590 million related to investments in subsidiaries.

In accordance with the IAS27 principle these investments are held at cost net of impairment losses determined in compliance with the IAS36 principle. According to this International Accounting Standard, equity investments must be subject to an impairment test whenever there is objective evidence that events have taken place which may have decreased their value. According to the relevant standard, the impairment test shall be carried out by comparing the carrying amount of each equity investments with its recoverable amount. If the latter value is found to be lower than the carrying amount an impairment must be recognised. On the contrary, should the recoverable amount be found to be higher than the carrying amount, the latter cannot be modified unless an impairment was recognised in previous periods. In this case, a reversal of previous impairment must be recognised for the difference between the recoverable amount and carrying amount and the reversal cannot exceed impairment recognised in previous periods.

## Part B - Balance sheet - Assets

With reference to investments in subsidiaries, it should be noted that the recoverable amount is generally determined through the discounting of future cash flows at an appropriate discount rate as explained in the section "Estimating cash flows to determine the value in use of investments in subsidiaries".

For some investments, the future cash flows expected to be received from the subsidiary are not deemed to be appropriate for the computation of the recoverable amount, generally due to the fact that their contribution to Group profitability is not expected to take place through the distribution of dividends but rather through the provision of specific services to other companies in the Group with the aim of reducing the costs that these companies incur into in order to perform their business. In cases such as these the recoverable amount has been generally determined based on the net equity of the investment.

On 31 December 2021 reversal of previous impairment were recognised on investments in subsidiaries for €7,535 million, amount that include the impairment recognized on the investment in UniCredit Leasing S.p.A. (-€280 million), which has been classified under Non-current assets and asset groups held for sale at 31 December 2021.

With reference to investments in associates impairment net losses for €-206 million were recognized. This amount includes the write-downs (-€249 million) relating to Yapi Ve Kredi Bankasi A.S. recognized in the year before the reclassification of the investment into financial assets mandatorily at fair value.

### **Estimating cash flows to determine the value in use of investments in subsidiaries**

#### *Projections*

The set of projections employed for the impairment test of investments in subsidiaries as of 31 December 2021 was based around two alternative scenarios, to reflect the volatility and uncertainty underlying the continuing Covid-19 pandemic. The two scenarios were articulated as follows:

- "Baseline" scenario based on the financial forecasts (Net Profit and RWA) underlying the 2022-2024 "UniCredit Unlocked" strategic plan;
- "Downturn" scenario less favourable than the "base" scenario, reflecting lowered 2022-2024 macroeconomic forecasts to take into account the higher risks part of the current uncertain context.

For a description of the assumptions underlying the "Baseline" and "Downturn" scenarios refer to the paragraph "Section 2 - General preparation criteria" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies.

#### *Impairment test model*

The calculation of the value in use for impairment testing purposes was carried out using a Dividend Discount Model (DDM). The free cash flows to equity were determined by subtracting from Net Profit (gross of minority interests) the annual capital requirement generated by changes in risk-weighted assets (RWA). The capital requirement is defined as the level of capitalisation that the Group aims to achieve in the long term, also in light of the minimum regulatory capital requirements currently in place.

The DDM model employed is based on three stages with an explicit forecast period, an intermediate period and a terminal value. Due to the employment of the two scenarios described above the model was set-up in different ways in the various stages.

PERIOD	"BASELINE" SCENARIO	"DOWNTURN" SCENARIO
<b>Explicit forecast (2022 - 2024)</b>	Financial projections underlying the "UniCredit Unlocked" strategic plan	Financial projections derived from the macroeconomic scenario underlying the "Downturn" scenario.
<b>Intermediate (2025 - 2029)</b>	Financial projections extrapolated by applying to the last year of the explicit forecast period (2024) growth rates converging to that of the "terminal value". The application of an intermediate period aims to allow a normalisation in the nominal growth rate of Net Profit and RWA before their convergence to terminal value, since the Group operates in different geographical areas and business segments and these are characterised by different risk profiles and growth prospects. For subsidiaries in Italy, Germany and Austria the growth rates for the intermediate period are defined considering a conservative cap.	Financial projections extrapolated by applying to the last year of the explicit forecast period (2024) a fixed growth rate equal to the nominal long term growth rate.
<b>Terminal value</b>	Derived through a nominal long term growth rate of 2%. The average growth rate of real GDP in the Eurozone from 2000 to 2020 was 1.0%. The nominal rate of 2%, corresponding to approximately 0% in real terms, was chosen for cautionary reasons.	Derived through a nominal long term growth rate of 2%.

## Part B - Balance sheet - Assets

### Discount rates and regulatory capital targets

Future financial flows were discounted using an estimate of the discount rate incorporating in the cost of equity the various risk factors linked to each business sector. This discount rate is a nominal rate, net of taxes.

In particular, the cost of equity for each subsidiary in the "Baseline" scenario is assessed with the Capital Asset Pricing Model adopting a through the cycle approach (i.e., six years average) as the sum of the following items:

- Risk Free Rate: equal to the yield of the benchmark government bond of the reference country (local currency approach, maturity: 10 years), alternative references are used for countries lacking appropriate government issuances;
- Equity Risk Premium: given by the product of the following items:
  - UniCredit Beta ( $\beta$ ): measures the sensitivity of UniCredit shares to variations in the reference market;
  - Market Risk Premium: estimated by Professor Damodaran as the difference between the return of US stock and bond markets since 1928 (geometric mean).

The discount rates used in the "Downturn" scenario are based on the rates used in the "Baseline" scenario but also include an add-on to reflect the higher volatility which is likely to coincide with a less favourable economic environment. The size of the add-on has been determined through an historical analysis.

A further parameter used to determine the initial allocated capital and its evolution over time is the Common Equity Tier 1 ratio target. A target Common Equity Tier 1 ratio coherent with the Group target was employed for all subsidiaries.

### Results of the impairment test

The results of the two scenarios were weighted differently to reflect their different probability of taking place. Specifically, the results from the "Baseline" scenario, considered the most probable scenario, were weighted at 60% while the "Downturn" scenario was weighted at 40%.

The investment in subsidiaries impairment test as of 31 December 2021 led, overall, to a write-back of previous impairments for €7,930 million. The table below shows the result of the test for the subsidiaries with carrying value before the test above €1 billion.

(€ million)

COMPANY NAME	CARRYING AMOUNT AS OF 31 DECEMBER 2020	IMPAIRMENT/REVERSAL OF IMPAIRMENT FOLLOWING THE IMPAIRMENT TEST	CARRYING AMOUNT AFTER THE IMPAIRMENT TEST
UNICREDIT BANK AG	12,665	4,958	17,624
UNICREDIT BANK AUSTRIA AG	6,522	2,972	9,494
UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA	2,029	-	2,029
AO UNICREDIT BANK	1,837	-	1,837
ZAGREBACKA BANKA D.D. ZAGREB	1,699	-	1,699
UNICREDIT BULBANK AD	1,291	-	1,291

It must be underlined that the parameters and information used to verify the recoverability of carrying values (in particular the expected cash flows for the various subsidiaries, and the discount rates applied) are significantly influenced by the macroeconomic and market situation, which may be subject to changes which are not currently predictable. In the coming reporting periods the effect of such changes, alongside potential changes in corporate strategies, could therefore lead to a review of the estimated cash flows of the various subsidiaries and of the assumptions on the main financial parameters (discount rates, expected growth rates, Common Equity Tier 1 ratio, etc.) and these could impact the results of future impairment tests.

### Sensitivity analysis

Following the employment of two scenarios for the impairment test of investments in subsidiaries as of 31 December 2021, an analysis on the sensitivity of the test result to changes in the weights of the two scenarios was carried out. The results of this analysis for subsidiaries with carrying value before the test above €1 billion are reported below.

(€ million)

COMPANY NAME	CHANGE IN THE IMPAIRMENT/REVERSAL OF IMPAIRMENT OF THE SUBSIDIARY WITH AN INCREASE OF 5% IN THE WEIGHT OF THE "BASELINE" SCENARIO
UNICREDIT BANK AG	391
UNICREDIT BANK AUSTRIA AG	201
UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA	-
AO UNICREDIT BANK	-
ZAGREBACKA BANKA D.D. ZAGREB	-
UNICREDIT BULBANK AD	-

## Part B - Balance sheet - Assets

### 7.5 Equity investments: annual changes

	CHANGES IN	
	2021	2020
<b>A. Opening balance</b>	<b>33,725</b>	<b>37,873</b>
<b>B. Increases</b>	<b>8,001</b>	<b>1,233</b>
<i>of which: business combinations</i>	-	-
B.1 Purchases	19	1,043
B.2 Write-backs	7,982	79
B.3 Revaluation	-	-
B.4 Other changes	-	111
<b>C. Decreases</b>	<b>3,312</b>	<b>5,381</b>
<i>of which: business combinations</i>	1,975	-
C.1 Sales	1,976	444
C.2 Write-downs	595	4,919
C.3 Impairment	-	-
C.4 Other changes	741	18
<b>D. Closing balance</b>	<b>38,414</b>	<b>33,725</b>
<b>E. Total revaluation</b>	<b>-</b>	<b>-</b>
<b>F. Total write-downs</b>	<b>8,416</b>	<b>18,354</b>

Reductions due to business combinations include the effects of the merge into UniCredit S.p.A. of UniCredit Bank Ireland PLC occurred during the year.

Item C.4 Other changes includes effects due to the reclassifications into assets mandatory at fair value of Yapi Ve Kredi Bankasi A.S. and into assets held for sale of UniCredit Leasing S.p.A.

## Section 8 - Property, plant and equipment - Item 80

With reference to the description of effects produced by update of appraisals conducted for fair value evaluation of respective assets, reference is made to the paragraph "Section 9 - Property, plant and equipment - item 90" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, which is herewith quoted entirely for the information related to UniCredit S.p.A.

### 8.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

ASSETS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Owned assets</b>	<b>291</b>	<b>302</b>
a) Land	-	-
b) Buildings	-	-
c) Office furniture and fitting	42	45
d) Electronic systems	173	171
e) Other	76	86
<b>2. Right of use of Leased Assets</b>	<b>947</b>	<b>1,089</b>
a) Land	-	-
b) Buildings	938	1,077
c) Office furniture and fitting	-	-
d) Electronic systems	-	-
e) Other	9	12
<b>Total</b>	<b>1,238</b>	<b>1,391</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-

### 8.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

No data to be disclosed.



## Part B - Balance sheet - Assets

## 8.3 Property, plant and equipment used in the business: breakdown of revalued assets

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Owned assets</b>	-	-	<b>2,339</b>	-	-	<b>2,288</b>
a) Land	-	-	844	-	-	841
b) Buildings	-	-	1,495	-	-	1,447
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>2. Right of use of Leased Assets</b>	-	-	-	-	-	-
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>Total</b>	-	-	<b>2,339</b>	-	-	<b>2,288</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>	<b>2,339</b>			<b>2,288</b>		

## 8.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2021			AMOUNTS AS AT 12.31.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Owned assets</b>	-	-	<b>229</b>	-	-	<b>320</b>
a) Land	-	-	77	-	-	102
b) Buildings	-	-	152	-	-	218
<b>2. Right of use of Leased Assets</b>	-	-	-	-	-	-
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
<b>Total</b>	-	-	<b>229</b>	-	-	<b>320</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>	<b>229</b>			<b>320</b>		

## 8.5 Inventories of tangible assets regulated by IAS2: breakdown

The Company does not have tangible assets to be recorded according to IAS2.

## Part B - Balance sheet - Assets

## 8.6 Tangible assets used in the business: annual changes

(€ million)

	CHANGES IN 2021					TOTAL
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	
<b>A. Gross opening balance</b>	<b>841</b>	<b>3,524</b>	<b>679</b>	<b>1,335</b>	<b>501</b>	<b>6,880</b>
A.1 Total net reduction in value	-	(1,000)	(634)	(1,164)	(403)	(3,201)
A.2 Net opening balance	841	2,524	45	171	98	3,679
<b>B. Increases</b>	<b>13</b>	<b>194</b>	<b>5</b>	<b>51</b>	<b>18</b>	<b>281</b>
B.1 Purchases	2	54	5	51	18	130
<i>of which: business combinations</i>	-	2	-	-	-	2
B.2 Capitalised expenditure on improvements	-	29	-	-	-	29
B.3 Write-backs	-	7	-	-	-	7
B.4 Increases in fair value	2	58	-	-	-	60
a) In equity	1	52	-	-	-	53
b) Through profit or loss	1	6	-	-	-	7
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	9	43	X	X	X	52
B.7 Other changes	-	3	-	-	-	3
<b>C. Reductions</b>	<b>10</b>	<b>285</b>	<b>8</b>	<b>49</b>	<b>31</b>	<b>383</b>
C.1 Disposals	1	1	-	-	-	2
<i>of which: business combinations</i>	-	-	-	-	-	-
C.2 Depreciation	-	232	8	45	29	314
C.3 Impairment losses	-	27	-	4	-	31
a) In equity	-	-	-	-	-	-
b) Through profit or loss	-	27	-	4	-	31
C.4 Reduction of fair value	3	7	-	-	-	10
a) In equity	1	6	-	-	-	7
b) Through profit or loss	2	1	-	-	-	3
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfer to	4	9	-	-	-	13
a) Property, plant and equipment held for investment	4	9	X	X	X	13
b) Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-
C.7 Other changes	2	9	-	-	2	13
<b>D. Net final balance</b>	<b>844</b>	<b>2,433</b>	<b>42</b>	<b>173</b>	<b>85</b>	<b>3,577</b>
D.1 Total net reduction in value	-	(1,219)	(636)	(1,185)	(406)	(3,446)
D.2 Gross closing balance	844	3,652	678	1,358	491	7,023
<b>E. Carried at cost</b>	<b>845</b>	<b>1,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,291</b>

## Part B - Balance sheet - Assets

## 8.7 Tangible assets held for investment: annual changes

(€ million)

	CHANGES IN 2021		
	LANDS	BUILDINGS	TOTAL
<b>A. Opening balances</b>	<b>102</b>	<b>218</b>	<b>320</b>
<b>B. Increases</b>	<b>6</b>	<b>19</b>	<b>25</b>
B.1 Purchases	-	-	-
<i>of which: business combinations</i>	-	-	-
B.2 Capitalised expenditure on improvements	-	1	1
B.3 Increases in fair value	-	5	5
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	4	9	13
B.7 Other changes	2	4	6
<b>C. Reductions</b>	<b>31</b>	<b>85</b>	<b>116</b>
C.1 Disposals	1	2	3
<i>of which: business combinations</i>	-	-	-
C.2 Depreciation	-	-	-
C.3 Reductions in fair value	6	12	18
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	-	-
C.6 Transfer to	24	71	95
a) Properties used in the business	9	43	52
b) Non-current assets and disposal groups classified as held for sale	15	28	43
C.7 Other changes	-	-	-
<b>D. Closing balances</b>	<b>77</b>	<b>152</b>	<b>229</b>
<b>E. Measured at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 8.8 Inventories of tangible assets regulated by IAS2: annual changes

No data to be disclosed.

## 8.9 Commitments to purchase property, plant and equipment

At Financial Statement date, Commitments for the purchase of tangible assets do not exist.

## Section 9 - Intangible assets - Item 90

## 9.1 Intangible assets: breakdown by asset type

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2021		AMOUNTS AS AT 12.31.2020	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
<b>A.1 Goodwill</b>	<b>X</b>	<b>-</b>	<b>X</b>	<b>-</b>
<b>A.2 Other intangible assets</b>	<b>7</b>	<b>-</b>	<b>6</b>	<b>-</b>
<i>of which: software</i>	7	-	6	-
A.2.1 Assets carried at cost	7	-	6	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	7	-	6	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>7</b>	<b>-</b>	<b>6</b>	<b>-</b>
<b>Total finite and indefinite life</b>	<b>7</b>	<b>6</b>		

## Part B - Balance sheet - Assets

## 9.2 Intangible assets: annual changes

(€ million)

(€ million)

	CHANGES IN 2021					TOTAL
	OTHER INTANGIBLE ASSETS					
	GOODWILL	GENERATED INTERNALLY		OTHER		
		FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	
A. Gross opening balance	7,710	-	-	250	-	7,960
A.1 Total net reduction in value	(7,710)	-	-	(244)	-	(7,954)
A.2 Net opening balance	-	-	-	6	-	6
B. Increases	-	-	-	4	-	4
B.1 Purchases	-	-	-	3	-	3
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	1	-	1
of which: business combinations	-	-	-	-	-	-
C. Reduction	-	-	-	3	-	3
C.1 Disposals	-	-	-	-	-	-
C.2 Write-downs	-	-	-	3	-	3
- Amortisation	X	-	-	3	-	3
- Write-downs	-	-	-	-	-	-
+ In equity	X	-	-	-	-	-
+ Through profit or loss	-	-	-	-	-	-
C.3 Reduction in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
of which: business combinations	-	-	-	-	-	-
D. Net closing balance	-	-	-	7	-	7
D.1 Total net write-down	(7,710)	-	-	(247)	-	(7,957)
E. Gross closing balance	7,710	-	-	254	-	7,964
F. Carried at cost	-	-	-	-	-	-

## Part B - Balance sheet - Assets

### Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities)

#### 10.1 Deferred tax assets: breakdown

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Deferred tax assets arising from Italian law 214/2011	6,209	7,355
Deferred tax assets arising from tax losses	2,036	814
Deferred tax assets arising from temporary differences	1,529	1,500
Financial assets and liabilities (different from loans and deposits)	36	24
Loans and deposits to/from banks and customers	680	700
Hedging and hedged item revaluation	57	63
Property, plant and equipment and intangible assets different from goodwill	99	109
Goodwill and equity investments	-	-
Current assets and liabilities held for sale	-	-
Other assets and Other liabilities	-	-
Provisions, pension funds and similar	657	604
Other	-	-
Accounting offsetting	(311)	(489)
<b>Total</b>	<b>9,463</b>	<b>9,180</b>

The item "Deferred tax assets arising from tax losses" also includes the IRAP tax credit deriving from the conversion of the ACE benefit for €195 million.

#### 10.2 Deferred tax liabilities: breakdown

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Deferred tax liabilities arising from temporary differences	311	489
Financial assets and liabilities (different from loans and deposits)	137	179
Loans and deposits to/from banks and customers	-	-
Hedging and hedged item revaluation	50	12
Property, plant and equipment and intangible assets different from goodwill	120	294
Goodwill and equity investments	-	-
Assets and liabilities held for sale	-	-
Other assets and Other liabilities	3	3
Other	1	1
Accounting offsetting	(311)	(489)
<b>Total</b>	<b>-</b>	<b>-</b>

#### Deferred tax assets deriving from Law No.214/2011

The item includes:

- the amount of €2,747 million related to deferred tax assets (for IRES and IRAP) due to the tax release of the value of the equity investments pursuant to Art.23 of D.L. No.98/2011;
- the amount of €1,116 million related to deferred tax assets (for IRES and IRAP) arising from goodwill tax redemption;
- the amount of €2,346 million related to deferred tax assets (for IRES and IRAP) arising from impairment losses on receivables.

As of 31 December 2021, the total amount of deferred tax assets convertible into tax credits is equal to €6,209 million of which €5,430 million for IRES and €779 million for IRAP.

#### Deferred tax assets for the carry-forward of unused tax losses - DTA TDCF

The possibility to book DTA TDCF, against future taxable income, implies an estimate of future economic results; this estimate is based on the execution of a sustainability test, in accordance with the provisions of IAS12.

With reference to the Italian tax group perimeter, starting from 31 December 2019, the sustainability test for both IRES and IRAP has been developed on a 10 years-time length, for testing the DTA on TDCF, deemed coherent to assess sufficient taxable base generation to be used for the offsetting of said deferred taxes.

## Part B - Balance sheet - Assets

Considered the 10 years time horizon and in order to mitigate the effects of the uncertainty inherent the adoption of an approach based also on estimates beyond the plan horizon, it has been adopted a model incorporating a probabilistic component; in particular, in line with ESMA recommendation issued on 15 July 2019, the sustainability test for the determination of future taxable incomes envisages:

- a deterministic approach for the years for which official projections are available (i.e. the period 2022-2024); with this regard, the model has been updated with the forecasts of the new strategic plan "UniCredit Unlocked", approved by the Board of Directors (BoD) during the meeting held on 8 December 2021, and presented to the market the day after;
- a statistical approach for the years beyond official projections (2025-2031); this approach is based on the statistical generation of multiple scenarios that lead to generate projections of future taxable income in the test time horizon. According to the approach of the previous tests, as far as possible, objective criteria and realistic assumptions have been adopted to define the values of this projection, such as:
  - long-term annual growth rate set at 2%, which incorporates an assumption of growth at 0% in real terms, as 2% represents the target rate of price stability;
  - nominal future growth rate with 4% cap applied to pre-tax profit for the first year of projections beyond the deterministic period, which leads to consistency with the long-term annual growth rate of 2% through a linear convergence;
  - a volatility parameter calculated on the historical series since 2007 of the pre-tax results of a significant sample of European banks (data from European Central Bank Statistical Datawarehouse).

Furthermore, in line with IAS12, as well as taking into consideration the ESMA document, a confidence interval has been selected which reflects a probability greater than 50% in relation to the expected tax incomes.

Given the current macroeconomic scenario characterized by a high level of uncertainty, for a detailed description of such items of uncertainty, refer to the analysis available in the paragraph "Section 2 - General preparation criteria" of the Consolidated financial statements, Notes to the Consolidated accounts, Part A - Accounting policies, A1 General. ESMA in the publication dated 29 October 2021 recommends greater caution, in the processing of the underlying estimates, considering the evaluation of long term pandemic effects; in this context the reference to ESMA recommendations dated 28 October 2020 that require also to consider the adoption of multiple scenarios in the processing of the underlying estimates; in consideration of this and according to the approach of the previous year, two scenarios were considered in projections used for DTA sustainability test as well as for participation impairment test:

- "base" coherent with strategic plan "UniCredit Unlocked";
- "downturn", deteriorated compared to the "base" scenario, built with macroeconomic forecasts 2022-2024 revised "downturn" to factor in greater risks linked to uncertainty. In this context and considering the last months Covid-19 experience an adjustment of the approach adopted for the forecast cash flow estimate in the "downturn" scenario has assumed necessary in order to consider the long term pandemic effects; in the forecasts after 2024 a constant annual increase of profit before taxes equal to long-term annual growth rate set at 2% has been assumed, turning off every assumption through a linear convergence to the "base" scenario previously considered in 2020 sustainability test.

For a description of main assumptions behind "base" and "downturn" scenarios, refer to the paragraph "Section 2 - General preparation criteria" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.1 - General.

In addition, the volatility parameter behind the statistic model has been updated from 8.1 of 2020 to 7.3 of 2021; such a decrease derives from the update up to the second half 2020 of the historical series of pre-tax results of European banks included in the statistic sample.

According to the approach of the 2020 test, the final results of the test derive from the weighting of the results of both scenarios with a greater weight, equal to 60%, for the "base" scenario that has been considered the most probable.

Consistently with the approach outlined, the sustainability test, performed on the Italian tax group perimeter applying the current ordinary tax rate of 24% and on UniCredit S.p.A. applying the additional tax rate of 3.5%, determined the sustainability of DTA TILCF as at 31 December 2021 for a total amount of €1,842 million, of which: (i) €1,200 million (of which €1,164 million related to 2021) recognised through Income statement and (ii) €642 million (of which € 0,5 million booked in 2021) recognised through Net equity as they are attributable to transactions recognised through Net equity according to international accounting standards.

With reference to the test results derived from statistical approach, adopted, as previously stated, in the years of projections for which a plan is not available, a sensitivity analysis was run on volatility parameter and on confidence interval; the outcomes of such analysis are the following:

- 0.1 increase of volatility parameter would originate a lower amount of sustainable DTA TILCF equal to €78 million;
- 1% increase of confidence interval would result in €32 million lower amount of sustainable DTA TILCF.



## Part B - Balance sheet - Assets

Moreover, regarding the weight assigned to the different scenarios adopted ("base" and "downturn"), the test points out that a 5% increase in "base" scenario weight (meaning 65% weight for "base" and 35% "downturn") would result in a €31 million increase of sustainable DTA TDCF; conversely, a 5% lower weight for "base" scenario (meaning 55% weight for "base" and 45% "downturn") would determine a €31 million decrease of sustainable DTA TDCF.

Further risk elements related to this approach are linked to a possible significant reduction in the tax rate, as well as to any time limits on the recovery of tax assets that may be introduced by changes in the current legislation. However, it is to be kept in mind the substantial invariance of the DTA TDCF for the purposes of the impact on Common Equity Tier 1 Capital, given their regulatory treatment.

The amount of DTA TDCF not booked is equal to €2,072 million of which (i) €1,728 million (€1,623 million deriving from accounting items originated in the Income statement and €105 million from Net equity components) related to UniCredit S.p.A. and referred to the Italian tax group perimeter and related to the 24% IRES ordinary tax rate and (ii) €344 million (€329 million deriving from accounting items originated in the Income statement and €15 million from Net equity components) referred to UniCredit S.p.A. and related to the 3.5% IRES additional tax rate.

### Deferred tax assets from temporary differences

With particular reference to deferred tax assets due to temporary differences (€1,529 million booked before the offset against the corresponding deferred tax liabilities), the sustainability test caused the total sustainability of deferred tax assets due to temporary differences, of which: (i) €1,412 million recognised through Income statement and (ii) €117 million recognised through Net equity originated from transactions accrued to Net equity due to IFRS principles. Therefore, an impairment write-up of €170 million of which i) €163 million concerning Income statement and ii) €7 million concerning Net equity has been done.

During the year deferred tax assets on Income statement have had an increase of €300 million due to the effects deriving from the sustainability test update for €1,327 million (of which €1,164 million concerning the increase of DTA for fiscal losses carry forward and €163 million concerning impairment DTA write-up on provisions and charges). The other changes are related to the normal dynamic of the tax assets against current taxes.

### 10.3 Deferred tax assets: annual changes (balancing P&L)

	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>8,404</b>	<b>9,176</b>
<b>2. Increases</b>	<b>2,507</b>	<b>1,829</b>
2.1 Deferred tax assets arisen during the year	1,830	1,328
a) Relating to previous years	76	161
b) Due to change in accounting criteria	-	-
c) Write-backs	1,462	357
d) Other	292	810
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	677	501
<b>3. Decreases</b>	<b>2,206</b>	<b>2,601</b>
3.1 Deferred tax assets derecognised during the year	1,045	1,319
a) Reversals of temporary differences	852	422
b) Write-downs of non-recoverable items	38	713
c) Change in accounting criteria	-	-
d) Other	155	184
3.2 Reduction in tax rates	-	-
3.3 Other decreases	1,161	1,282
a) Conversion into tax credit under Italian Law 214/2011	850	793
b) Other	311	489
<b>4. Closing balance</b>	<b>8,705</b>	<b>8,404</b>

For the portion of deferred tax assets arising from tax losses carried forward to subsequent years, please refer to the table 10.1 of these section of the Notes to the accounts.

The sub-item "2.1 c) Write-backs" reports the effects of the recognition in the income statement of DTA TDCF arising from the results of the sustainability test; the sub-items "2.3 Other increases" and "3.3 Other decreases" b) Other" include the effect of netting DTA/DTL of previous and current year.

For a homogeneous comparison the amounts referring to the year 2020 of the sub-items "2.1 c) Write-backs" (€357 million) and "3.1 a) Reversals of temporary differences" (€422 million) have been restated, previously classified respectively under the item "2.1 d) Other" and "3.1 d) Other".

## Part B - Balance sheet - Assets

## 10.3bis Deferred tax assets (Italian Law 214/2011): annual changes

(€ million)

	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>7,355</b>	<b>8,146</b>
<b>2. Increases</b>	<b>-</b>	<b>2</b>
<b>3. Decreases</b>	<b>1,146</b>	<b>793</b>
3.1 Reversals of temporary differences	296	-
3.2 Conversion into tax credits	850	793
a) Due to loss positions arisen from P&L	384	87
b) Due to tax losses	466	706
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>6,209</b>	<b>7,355</b>

In accordance with the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments), starting from 31 December 2018, the table shows the deferred tax asset annual changes of which L.214/2011 both equity balancing and income statement balancing.

## 10.4 Deferred tax liabilities: annual changes (balancing P&amp;L)

(€ million)

	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>-</b>	<b>-</b>
<b>2. Increases</b>	<b>44</b>	<b>59</b>
2.1 Deferred tax liabilities arisen during the year	1	1
a) Relating to previous years	-	-
b) Due to change in accounting criteria	-	-
c) Other	1	1
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	43	58
<b>3. Decreases</b>	<b>44</b>	<b>59</b>
3.1 Deferred tax liabilities derecognised during the year	21	18
a) Reversals of temporary differences	9	18
b) Due to change in accounting criteria	-	-
c) Other	12	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	23	41
<b>4. Closing balance</b>	<b>-</b>	<b>-</b>

The items "2.3 Other increases" and "3.3 Other decreases" include the effect of netting DTA/DTL of previous and current year.

For a homogeneous comparison the amount related to "3.1 a) Reversals of temporary differences" referring to the year 2020 (€18 million), previously classified under the item "3.1 c) Other", has been restated.

## Part B - Balance sheet - Assets

## 10.5 Deferred tax assets: annual changes (balancing Net Equity)

(€ million)

	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>776</b>	<b>634</b>
<b>2. Increases</b>	<b>23</b>	<b>155</b>
2.1 Deferred tax assets arisen during the year	23	44
a) Relating to previous years	2	-
b) Due to change in accounting criteria	-	-
c) Other	21	44
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	111
<b>3. Decreases</b>	<b>41</b>	<b>13</b>
3.1 Deferred tax assets derecognised during the year	40	8
a) Reversals of temporary differences	38	3
b) Write-downs of non-recoverable items	-	5
c) Due to change in accounting criteria	-	-
d) Other	2	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	1	5
<b>4. Closing balance</b>	<b>758</b>	<b>776</b>

## 10.6 Deferred tax liabilities: annual changes (balancing Net Equity)

(€ million)

	CHANGES IN	
	2021	2020
<b>1. Opening balance</b>	<b>-</b>	<b>-</b>
<b>2. Increases</b>	<b>507</b>	<b>462</b>
2.1 Deferred tax liabilities arisen during the year	52	70
a) Relating to previous years	-	-
b) Due to change in accounting criteria	-	-
c) Other	52	70
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	455	392
<b>3. Decreases</b>	<b>507</b>	<b>462</b>
3.1 Deferred tax liabilities derecognised during the year	219	14
a) Reversal of temporary differences	51	14
b) Due to change in accounting criteria	-	-
c) Other	168	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	288	448
<b>4. Closing balance</b>	<b>-</b>	<b>-</b>

The items "2.3 Other increases" and "3.3 Other decreases" include the effect of netting DTA/DTL of previous and current year.

## Part B - Balance sheet - Assets

### 10.7 Other information

#### Italian group tax

The Tax Group regime was introduced in Italy by Legislative Decree of 12 December 2003 No.344, that implemented the Italian corporate income tax (IRES) reform.

The regime of national Tax Group is optional, with a duration bound for three financial years and certain conditions (controlling relationship, same operating period) to be met.

The participation to the Tax Group regime allows the offsetting between taxable income and tax losses generated by the companies participating to such regime.

For financial year 2021 the following legal entities adhered to the Italian Tax Group with UniCredit S.p.A.:

- UniCredit Factoring S.p.A. - Milan;
- UniCredit Leasing S.p.A. - Milan;
- Cordusio Fiduciaria S.p.A. - Milan;
- UniCredit Services (ex UniCredit Business Integrated Solutions S.C.p.A.) S.C.p.A. - Milan;
- Cordusio SIM S.p.A. - Milan;
- UniCredit Bank AG - Milan Branch;
- UniCredit Leased Asset Management S.p.A.

#### Deferred tax assets due to tax losses carried forward

Considering the Italian tax group perimeter the financial year 2021 closed with an income amount equal to €181 million. Tax due on income is equal to 43 million, this amount has been reduced to zero due to tax credits of €13 million and residual tax losses of €30 million.

The IRES amount of the residual tax losses carried forward is equal to €3,914 million of which €3,153 million deriving from accounting items originated in the Income statement and €761 million from Net equity components. Following the sustainability test an additional amount of deferred tax assets limited to €1,164 million can be registered.

Therefore, the amount of deferred tax assets arising from tax losses booked is equal to €1,842 million of which €1,201 million deriving from accounting items originated in the Income statement and €641 million from Net equity components.

The amount of deferred tax assets arising from tax losses not booked is equal to €2,072 million of which (i) €1,728 million (€1,623 million deriving from accounting items originated in the Income statement and €105 million from Net equity components) related to UniCredit S.p.A. and referred to the Italian tax group perimeter and related to the 24% IRES ordinary tax rate and (ii) €344 million (€329 million deriving from accounting items originated in the Income statement and €15 million from Net equity components) referred to UniCredit S.p.A. and related to the 3.5% IRES additional tax rate.

In respect of foreign branches, relevant tax losses not utilised are equal to €8,782 million, due to start-up expenses or other operating costs. However, these are tax losses that can only be used against the taxable income at the level of permanent establishment of Wien and of each single branch for taxes due in the relevant country of establishment.

## Part B - Balance sheet - Assets

### Section 11 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 110 (Assets) and Item 70 (Liabilities)

#### 11.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
(€ million)		
<b>A. Assets held for sale</b>		
A.1 Financial assets	1,514	203
A.2 Equity investments	383	35
A.3 Property, plant and equipment	12	17
<i>of which: obtained by the enforcement of collateral</i>	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
<b>Total (A)</b>	<b>1,909</b>	<b>255</b>
<i>of which: carried at cost</i>	<i>1,897</i>	<i>238</i>
<i>of which: designated at fair value - level 1</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 2</i>	<i>12</i>	<i>17</i>
<i>of which: designated at fair value - level 3</i>	<i>-</i>	<i>-</i>
<b>B. Discontinued operations</b>		
B.1 Financial assets at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily at fair value	-	-
B.2 Financial assets at fair value through other comprehensive income	-	-
B.3 Financial assets at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
<i>of which: obtained by the enforcement of collateral</i>	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<i>of which: carried at cost</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 1</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 2</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 3</i>	<i>-</i>	<i>-</i>
<b>C. Liabilities associated with assets classified as held for sale</b>		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
<b>Total (C)</b>	<b>-</b>	<b>-</b>
<i>of which: carried at cost</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 1</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 2</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 3</i>	<i>-</i>	<i>-</i>
<b>D. Liabilities associated with discontinued operations</b>		
D.1 Financial liabilities at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
<b>Total (D)</b>	<b>-</b>	<b>-</b>
<i>of which: carried at cost</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 1</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 2</i>	<i>-</i>	<i>-</i>
<i>of which: designated at fair value - level 3</i>	<i>-</i>	<i>-</i>

Sub-item "A.1 Financial assets" mainly includes performing loans that will be sold in the first months of 2022.

Sub-item "A.2 Equity investments" is composed by stakes into UniCredit Leasing S.p.A. (€370 million) and in Risanamento S.p.A. (€13 million). As at December 2020 also stakes into Sia UniCredit Leasing and Capital Dev S.p.A. were included, then sold during 2021.

## Part B - Balance sheet - Assets

## Section 12 - Other assets - Item 120

## 12.1 Other assets: breakdown

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Margin with derivatives clearers (non-interest bearing)	-	-
Gold, silver and precious metals	52	73
Accrued income and prepaid expenses other than capitalised income	252	232
Positive value of management agreements (so-called servicing assets)	-	-
Cash and other valuables held by cashier	125	127
- Current account cheques being settled, drawn on third parties	125	127
- Current account cheques payable by group banks, cleared and in the process of being debited	-	-
- Money orders, bank drafts and equivalent securities	-	-
- Coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and changes to be debited to	-	-
- Customers	-	-
- Banks	-	-
Items in transit between branches not yet allocated to destination accounts	10	-
Items in processing	128	227
Items deemed definitive but not-attributable to other items	1,364	1,107
- Securities and coupons to be settled	48	50
- Other transactions	1,316	1,057
Adjustments for unpaid bills and notes	4	4
Tax items other than those included in item 110	1,432	1,297
Commercial credits pursuant to IFRS15	47	60
Other items	423	548
<b>Total</b>	<b>3,837</b>	<b>3,675</b>

It should be noted that, as at 31 December 2021, into the item "Gold, silver and precious metals" are recognised, at their fair value of €52 million, the precious stones (diamonds) repurchased from customers within the "customer care" initiative promoted by the Bank regarding this topic. For a homogeneous comparison the corresponding figure at 31 December 2020 (€73 million), previously classified under the item "Other items", has been restated.

Referring to item "Commercial credits pursuant to IFRS15" figure at 31 December 2020 (€60 million), previously classified under the item "Other items", has been restated.

Item "Accrued income and prepaid expenses other than capitalised income" includes the contract assets recognised in accordance with IFRS15.

In this context accrued income represents the portion of the performance obligation already satisfied through the services provided by the Bank and that will be settled in the future periods in accordance with contractual provisions.

The aggregate amount of revenues from services to customers related to the portion of performance obligations not yet satisfied, and therefore not represented in the table above, is of a non-material amount and relates to performance obligations expected to be satisfied by the following year end reporting date.

It should be noted that during the period there have not been significant changes in the accrued income and prepaid expenses not included in the carrying amount of the relevant financial assets.



## Part B - Balance sheet - Assets

## Periodic change of accrued income/expenses and prepaid expenses/income

(€ million)

	AMOUNTS AS AT	
	ACCRUED INCOME AND PREPAID EXPENSES	ACCRUED EXPENSES AND DEFERRED INCOME
<b>Opening balance</b>	<b>232</b>	<b>143</b>
<b>Increases</b>	<b>40</b>	<b>21</b>
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	-	-
c) Reversal of impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	-	-
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	-
f) Other	40	21
<b>Decreases</b>	<b>20</b>	<b>9</b>
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	-	-
c) Impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	-	-
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	-
f) Other	20	9
<b>Closing balance</b>	<b>252</b>	<b>155</b>

Note that the item "f) other" include (i) the deferral of income and expenses related to performance obligation that have already been paid but not yet satisfied as well as the recognition in P&L of the amount previously deferred in accordance with the progressive satisfaction of the performance obligation and (ii) the accrual in P&L of the amounts due as a result of the satisfaction of a performance obligation for which the payment is contractually postponed as well as their subsequent settlement.

## Part B - Balance sheet - Liabilities

## Liabilities

## Section 1 - Financial liabilities at amortised cost - Item 10

## 1.1 Financial liabilities at amortised cost: breakdown by product of deposits from banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Deposits from central banks	56,844	X	X	X	51,567	X	X	X
2. Deposits from banks	29,421	X	X	X	37,719	X	X	X
2.1 Current accounts and demand deposits	3,806	X	X	X	2,455	X	X	X
2.2 Time deposits	4,294	X	X	X	5,598	X	X	X
2.3 Loans	21,299	X	X	X	29,646	X	X	X
2.3.1 Repos	18,790	X	X	X	26,648	X	X	X
2.3.2 Other	2,509	X	X	X	2,998	X	X	X
2.4 Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
2.5 Lease deposits	7	X	X	X	7	X	X	X
2.6 Other deposits	15	X	X	X	13	X	X	X
<b>Total</b>	<b>86,265</b>	<b>-</b>	<b>78,783</b>	<b>7,492</b>	<b>89,286</b>	<b>-</b>	<b>26,654</b>	<b>62,637</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>86,275</b>					<b>89,291</b>

"Deposits from central banks" include TLTRO III facilities for €56 billion, of which €5 billion subscribed in March 2021 and €51 billion already existing at December 2020.

Deposits from banks are not carried based at their fair value, which is only shown in order to meet disclosure requirements. Fair value measurements have been classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

The increase in the level 2 and the decrease in the level 3 of fair value hierarchy occurred in the item "1. Financial liabilities at amortised cost" mainly derives from the reclassification of the TLTRO exposures liabilities, due to a review of the evaluation model.

## 1.2 Financial liabilities at amortised cost: breakdown by product of deposits from customers

(€ million)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Current accounts and demand deposits	198,332	X	X	X	188,449	X	X	X
2. Time deposits	583	X	X	X	842	X	X	X
3. Loans	22,807	X	X	X	26,743	X	X	X
3.1 Repos	21,815	X	X	X	25,859	X	X	X
3.2 Other	992	X	X	X	884	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
5. Lease deposits	1,067	X	X	X	1,204	X	X	X
6. Other deposits	3,239	X	X	X	3,683	X	X	X
<b>Total</b>	<b>226,028</b>	<b>-</b>	<b>22,180</b>	<b>203,866</b>	<b>220,921</b>	<b>-</b>	<b>26,162</b>	<b>194,652</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>226,046</b>					<b>220,814</b>

Deposits from customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements have been classified according to a hierarchy of levels reflecting the observability of the valuations input. The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as Level 3 in the fair value hierarchy. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

## Part B - Balance sheet - Liabilities

## 1.3 Financial liabilities at amortised cost: breakdown by product of debt securities in issue

(€ million)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Debt securities</b>								
1. Bonds	47,922	32,064	17,397	-	48,521	31,162	19,861	-
1.1 Structured	417	134	278	-	279	-	279	-
1.2 Other	47,505	31,930	17,119	-	48,242	31,162	19,582	-
2. Other securities	9,802	-	70	9,738	10,498	-	92	10,414
2.1 Structured	44	-	50	-	63	-	71	-
2.2 Other	9,758	-	20	9,738	10,435	-	21	10,414
<b>Total</b>	<b>57,724</b>	<b>32,064</b>	<b>17,467</b>	<b>9,738</b>	<b>59,019</b>	<b>31,162</b>	<b>19,953</b>	<b>10,414</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>59,269</b>	<b>61,529</b>			

Sub-items "1.1 structured" of bonds and "2.1. Structured" of other securities totally amount to €461 million and represent 0.80% of the total. They mainly relate to interest-rate linked instruments with highly correlated derivative component, identified in accordance with the Mifid classification rules.

Issued bonds change due to joint effect of maturities and new issuances and as a consequence of buy-backs realised in the period.

The fair value of derivatives embedded in structured securities, presented in item 20 of Assets and item 20 of Liabilities and included in Trading derivatives - Others, amounted to a net balance of €18 million negative.

Fair value measurements solely for financial disclosure purposes only are classified according to a hierarchy of levels reflecting the observability of the inputs used. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

## 1.4 Detail of subordinated debts/bonds

The subordinated debt recognised in item "Deposits from banks" amounts to nil, the one in item "Deposits from customers" amounts to nil, the one in item "Debt securities in issue" amounts to €9,421 million.

## 1.5 Detail of structured debts

Structured deposits from banks or customers do not exist.

## 1.6 Amounts payable under finance leases

(€ million)

TIME BUCKET	12.31.2021		12.31.2020	
	CASH OUTFLOWS		CASH OUTFLOWS	
	FINANCE LEASES	OPERATING LEASES	FINANCE LEASES	OPERATING LEASES
Up to 1 year	-	209	-	207
1 year to 2 years	-	194	-	202
2 year to 3 years	-	184	-	186
3 year to 4 years	-	172	-	176
4 year to 5 years	-	154	-	164
Over 5 years	-	273	-	399
<b>Total Lease Payments to be made</b>	<b>-</b>	<b>1,186</b>	<b>-</b>	<b>1,334</b>
<b>RECONCILIATION WITH DEPOSITS</b>				
Unearned finance expenses (-) (Discounting effect)	-	112	-	123
<b>Lease deposits</b>	<b>-</b>	<b>1,074</b>	<b>-</b>	<b>1,211</b>

It should be noted that table "1.6 Amounts payable under finance leases" reports the maturity analysis based on time bucket of the lease liability as requested by IFRS16 and the concurrent Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments).



## Part B - Balance sheet - Liabilities

## Section 3 - Financial liabilities designated at fair value - Item 30

## 3.1 Financial liabilities designated at fair value: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2021					AMOUNTS AS AT 12.31.2020				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
<b>1. Deposits from banks</b>	-	-	-	-	-	-	-	-	-	-
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
<b>2. Deposits from customers</b>	-	-	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
<b>3. Debt securities</b>	<b>4,045</b>	-	<b>3,854</b>	<b>257</b>	<b>3,990</b>	<b>4,750</b>	-	<b>4,490</b>	<b>373</b>	<b>4,656</b>
3.1 Structured	4,045	-	3,854	257	X	4,750	-	4,490	373	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
<b>Total</b>	<b>4,045</b>	-	<b>3,854</b>	<b>257</b>	<b>3,990</b>	<b>4,750</b>	-	<b>4,490</b>	<b>373</b>	<b>4,656</b>
<b>Total Level 1, Level 2 and Level 3</b>		<b>4,111</b>						<b>4,863</b>		

**Note:**

Fair value\* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

Item "Debt securities - Structured" includes "Certificates" (structured debt securities) issued by UniCredit S.p.A. starting from the first quarter of 2016. These securities are classified as measured at fair value their embedded derivative component not being separable.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

## 3.2 Detail of financial liabilities designated at fair value: subordinated liabilities

Subordinated financial liabilities designated at fair value do not exist.

## Part B - Balance sheet - Liabilities

## Section 4 - Hedging derivatives - Item 40

## 4.1 Hedging derivatives: breakdown by type of hedging and by levels

(€ million)

	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial derivatives</b>	<b>246,277</b>	<b>51</b>	<b>4,777</b>	<b>15</b>	<b>238,496</b>	<b>126</b>	<b>5,905</b>	<b>-</b>
1) Fair value	234,325	51	4,348	-	223,043	126	4,844	-
2) Cash flows	11,952	-	429	15	15,453	-	1,061	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>246,277</b>	<b>51</b>	<b>4,777</b>	<b>15</b>	<b>238,496</b>	<b>126</b>	<b>5,905</b>	<b>-</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>4,843</b>					<b>6,031</b>

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurements. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

## 4.2 Hedging derivatives: breakdown by hedged portfolios and type of hedging

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## Section 5 - Value adjustment of hedged financial liabilities - Item 50

## 5.1 Changes to hedged financial liabilities

(€ million)

CHANGES TO HEDGED LIABILITIES/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Positive changes to financial liabilities	1,636	3,637
2. Negative changes to financial liabilities	(976)	(205)
<b>Total</b>	<b>660</b>	<b>3,432</b>

The decrease in the item is mainly attributable to the evolution in the markets interest rate curves observed in 2021.



## Part B - Balance sheet - Liabilities

### Section 6 - Tax liabilities - Item 60

See the paragraph "Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities)", Notes to the accounts, Part B - Balance sheet, Asset.

### Section 7 - Liabilities associated with assets classified as held for sale - Item 70

Refer to the paragraph "Section 11 - Non current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale- Item 110 (Assets) and Item 70 (Liabilities)", Notes to the accounts, Part B - Balance sheet, Asset.

### Section 8 - Other liabilities - Item 80

#### 8.1 Other liabilities: breakdown

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Liabilities in respect of financial guarantees issued	-	-
Accrued expenses and deferred income other than those to be capitalised for the financial liabilities concerned	155	143
Negative value of management agreements (so-called servicing assets)	-	-
Payment agreements based on the value of own capital instruments classified as deposits pursuant to IFRS2	-	-
Other liabilities due to employees	1,467	1,917
Other liabilities due to other staff	5	23
Other liabilities due to Directors and Statutory Auditors	-	-
Interest and amounts to be credited to	-	-
- Customers	-	-
- Banks	-	-
Items in transit between branches and not yet allocated to destination accounts	6	23
Available amounts to be paid to others	-	-
Items in processing	109	168
Entries relating to securities transactions	113	99
Definitive items but not attributable to other lines	2,735	2,461
- Accounts payable - suppliers	570	496
- Provisions for tax withholding on accrued interest, bond coupon payments or dividends	6	2
- Other entries	2,159	1,963
Liabilities for miscellaneous entries related to tax collection service	-	-
Adjustments for unpaid portfolio entries	1,205	1,032
Tax items different from those included in item 60	1,033	718
Other entries	115	144
<b>Total</b>	<b>6,943</b>	<b>6,728</b>

Item "Accrued expenses and deferred income other than those to be capitalised for the financial liabilities" includes the contract liabilities recognised in accordance with IFRS15.

In this context, deferred income represents the portion of performance obligations not yet satisfied through the services provided by the Bank but already settled during the period or in previous periods.

The majority of this amount relates to performance obligations expected to be satisfied by the following year end reporting date.

For information about the changes in deferred income and accrued expenses occurred in the period refer to the paragraph "Section 12 - Other assets - Item 120", Notes to the accounts, Part B - Balance sheet, Assets.

## Part B - Balance sheet - Liabilities

### Section 9 - Provision for employee severance pay - Item 90

The "TFR" provision for Italy-based employee benefits is to be constructed as a "post-retirement defined benefit". It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using "projected unit credit" method (see the paragraph "Part A.2 - Main items of the accounts", Notes to the accounts, Part A - Accounting policies).

#### 9.1 Provisions for employee severance pay: annual changes

	CHANGES IN	
	2021	2020
<b>A. Opening balance</b>	<b>557</b>	<b>623</b>
<b>B. Increases</b>	<b>18</b>	<b>20</b>
B.1 Provisions for the year	3	5
B.2 Other increases	15	15
<i>of which: business combinations</i>	-	-
<b>C. Reductions</b>	<b>84</b>	<b>86</b>
C.1 Severance payments	84	85
C.2 Other decreases	-	1
<i>of which: business combinations</i>	-	-
<b>D. Closing Balance</b>	<b>491</b>	<b>557</b>

(€ million)

#### 9.2 Other information

	CHANGES IN	
	2021	2020
<b>Cost Recognised in P&amp;L:</b>	<b>3</b>	<b>5</b>
- Current Service Cost	-	-
- Interest Cost on the DBO	3	5
- Settlement (gains)/losses	-	-
- Past Service Cost	-	-
<b>Remeasurement Effects (Gains) Losses Recognised in OCI</b>	<b>14</b>	<b>15</b>
<b>Annual weighted average assumptions</b>		
- Discount rate	0.75%	0.45%
- Price inflation	1.60%	0.80%

(€ million)

The financial duration of the commitments is 9 years; the balance of the negative Revaluation reserves net of tax changed from -€129 million at 31 December 2020 to -€139 million at 31 December 2021.

A change of -25 basis points in the discount rate would result in an increase in liabilities of €11 million (+2.31%); an equivalent increase in the rate, on the other hand, would result in a reduction in liabilities of €11 million (-2.25%). A change of -25 basis points in the inflation rate would result in a reduction in liabilities of €7 million (-1.39%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of €7 million (+1.41%).

## Part B - Balance sheet - Liabilities

## Section 10 - Provisions for risks and charges - Item 100

## 10.1 Provisions for risks and charges: breakdown

(€ million)

ITEMS/COMPONENTS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Provisions for credit risk on commitments and financial guarantees given	419	442
2. Provisions for other commitments and other guarantees given	-	-
3. Pensions and other post-retirement benefit obligations	61	98
4. Other provisions for risks and charges	1,494	1,525
4.1 Legal and tax disputes	445	425
4.2 Staff expenses	588	275
4.3 Other	461	825
<b>Total</b>	<b>1,974</b>	<b>2,065</b>

To cover liabilities that may result from pending lawsuits (excluding labor disputes and tax cases), UniCredit S.p.A. has set aside a provision for risks and charges of €428 million (€371 million at 31 December 2020). More details are included in the paragraph "Part E - Information on risks and hedging policies", Notes to the accounts.

## 10.2 Provisions for risks and charges: annual changes

(€ million)

	CHANGES IN 2021			TOTAL
	PROVISIONS FOR OTHER OFF-BALANCE SHEET COMMITMENTS AND OTHER GUARANTEES GIVEN	PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS FOR RISKS AND CHARGES	
<b>A. Opening balance</b>	-	98	1,525	<b>1,623</b>
<b>B. Increases</b>	-	(11)	567	<b>556</b>
B.1 Provisions for the year	-	(13)	565	552
B.2 Changes due to the passing time	-	1	-	1
B.3 Differences due to discount-rate changes	-	-	-	-
B.4 Other changes	-	1	2	3
<i>of which: business combinations</i>	-	-	-	-
<b>C. Decreases</b>	-	26	598	<b>624</b>
C.1 Use during the year	-	-	327	327
C.2 Differences due to discount-rate changes	-	-	1	1
C.3 Other changes	-	26	270	296
<i>of which: business combinations</i>	-	-	-	-
<b>D. Closing balance</b>	-	61	1,494	<b>1,555</b>

More details about annual changes for pensions and post-retirement benefit obligation are presented in the paragraph "10.5 - Pensions and other postretirement defined benefit obligations", Notes to the accounts, Part B - Balance sheet -Liabilities, Section 10 - Provision for risks and charges - Item 100.

It should be noted that the item "B.1 Provision for the year" includes also €14 million as profit for settlement related to the capitalization offer.

## 10.3 Provisions for credit risk on commitments and financial guarantees given

(€ million)

	AMOUNTS AS AT 12.31.2021				TOTAL
	PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT- IMPAIRED FINANCIAL ASSETS	
Loan commitments given	32	33	20	-	85
Financial guarantees given	21	36	277	-	334
Total	53	69	297	-	419

More details on provisions for commitments and guarantees given are presented in the paragraph "10.3 Provisions for credit risk on commitments and financial guarantees given" and "10.4 Provisions on other commitments and other issued guarantees", Notes to the accounts, Part B - Balance sheet - Liabilities, Section 10 - Provision for risks and charges - Item 100.

## Part B - Balance sheet - Liabilities

### 10.4 Provisions on other commitments and other issued guarantees

No data to be disclosed.

### 10.5 Pensions and other post-retirement defined-benefit obligations

#### 1. Pensions and other post-retirement benefit obligations

In respect of Pensions and other post-retirement benefit obligations, the Annexes provide details of Internal Fund movements and include statements of changes in funds with segregated assets pursuant to Art.2117 of the Italian Civil Code, as well as explanatory notes thereto.

According to IAS19, obligations arising from defined-benefit plans are determined using the "projected unit credit" method, while segregated assets are measured at fair value at Balance sheet reporting date. The balance sheet obligation is the result of the deficit/surplus (i.e. the difference between obligations and assets) net of any impacts of the asset ceiling; actuarial gains and losses are recognised in shareholders' equity and shown in a specific item of revaluation reserves in the financial year in which they are recorded.

The actuarial assumptions used to determine obligations vary from country to country and from plan to plan; the discount rate is determined, depending on the currency of denomination of the commitments and the maturity of the liability, by reference to market yields at the balance sheet date on a basket of "high quality corporate bonds".

In light of evolving common interpretation about "high quality corporate bonds" identification and persisting interest rates decreasing trend, UniCredit group refined its Discount Rate setting methodology by referencing AA rated corporate bonds basket. In addition, a Nelson Siegel methodology has been applied in modelling the yield-curve expressed by the basket of securities (adjusted above the last liquid point, defined as the average maturity of the last 5 available bonds, relying on the slope of a Treasury curve build with AA Govies).

It is worth to note that, during second quarter 2021, a capitalization offer (early settlement of liability by one-off payment) has been launched, on a voluntary basis, with regard to defined benefit plans of UniCredit S.p.A. It has been concluded within second half 2021 with an overall impact in P&L of +€14 million.

The balance of the negative Revaluation reserves net of deferred taxes changed from -€106 million at 31 December 2020 to -€87 million at 31 December 2021 (including €17 million transferred to "Other Reserves" in connection with the above mentioned capitalization offer).

#### 2. Changes of net defined benefit liability/asset and any reimbursement rights

##### 2.1 Breakdown of defined benefit net obligation

	12.31.2021	12.31.2020
Current value of the defined benefit obligation	252	320
Current value of the plan assets	(191)	(222)
<b>Deficit/(Surplus)</b>	<b>61</b>	<b>98</b>
Irrecoverable surplus (effect of asset ceiling)	-	-
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>61</b>	<b>98</b>

##### 2.2 Changes in defined benefit obligations

	12.31.2021	12.31.2020
Initial defined benefit obligation	320	339
Current service cost	1	1
Settlement (gain)/loss	(14)	-
Past service cost	-	-
Interest expense on the defined benefit obligation	2	3
Write-downs for actuarial (gains)/losses on defined benefit plans	(3)	7
Employees' contributions for defined benefit plans	-	-
Disbursements from plan assets	(24)	(28)
Disbursements directly paid by the fund	-	-
Settlements	(33)	-
Other increases (decreases)	3	(2)
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>252</b>	<b>320</b>

## Part B - Balance sheet - Liabilities

## 2.3 Changes to plan assets

	12.31.2021	12.31.2020
(€ million)		
Initial fair value of plan assets	222	245
Interest income on plan assets	1	2
Administrative expenses paid from plan assets	-	-
Write-downs on the fair value of plan assets for actuarial gains (losses) on the discount rate	-	2
Employer contributions	21	3
Disbursements from plan assets	(23)	(28)
Settlements	(33)	-
Other increases (decreases)	3	(2)
<b>Final fair value of plan assets</b>	<b>191</b>	<b>222</b>

## 3. Main plan asset classes

	12.31.2021	12.31.2020
(€ million)		
1. Shares	20	14
2. Bonds	41	101
3. Units in investment funds	102	8
4. Real estate properties	2	2
5. Derivative instruments	-	-
6. Other assets	26	97
<b>Total</b>	<b>191</b>	<b>222</b>

## 4. Significant actuarial assumptions used to determine the current value of defined benefit obligation

	12.31.2021	12.31.2020
	%	%
Discount rate	0.93	0.55
Expected return on plan assets	0.93	0.55
Expected compensation increase rate	1.63	1.58
Future increases relating to pension treatments	1.51	0.49
Expected inflation rate	2.02	1.09

## Part B - Balance sheet - Liabilities

### 5. Impact of changes in financial/demographic assumptions on DBOs and financial duration

		(€ million)
		12.31.2021
- Impact of changes in financial/demographic assumptions on DBOs		
<b>A. Discount rate</b>		
A1. -25 basis points		6
		2.55%
A2. +25 basis points		(6)
		-2.43%
<b>B. Future increase rate relating to pension treatments</b>		
B1. -25 basis points		(4)
		-1.47%
B2. +25 basis points		4
		1.52%
<b>C. Mortality</b>		
C.1 Life expectancy + 1 year		15
		5.79%
- Financial duration (years)		10.1

### 10.6 Provisions for risks and charges - other provisions

		(€ million)
		AMOUNTS AS AT
		12.31.2021 12.31.2020
<b>4.3 Other provisions for risks and charges - other</b>		
Real estate risks/charges	-	-
Restructuring costs	-	-
Allowances payable to agents	6	5
Disputes regarding financial instruments and derivatives	6	6
Costs for liabilities arising from equity investment disposals	14	208
Other	435	606
<b>Total</b>	<b>461</b>	<b>825</b>

Other Provisions include:

- the ones posted in order to cope with the probable risks of loss related to the repurchases of diamonds, that could be carried out under action of "customer care" promoted by the Bank. To complete the information more details are included in the paragraph "E. Other claims by customers", Notes to the accounts, Part E - Information about risks and hedging policies, Section 5 - Operational risk, Qualitative information;
- those referring to cover the risks related to certain standard contractual terms contained in the documentary frameworks (i.e. reps & warranties), including securitisation transactions signed with the SPVs, of which UniCredit S.p.A. is Originator, pending the analysis and assessments to be completed within the deadlines established.

## Section 11 - Redeemable shares - Item 120

No data to be disclosed.

## Part B - Balance sheet - Liabilities

### Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180

Further information about shareholders' equity are disclosed in the paragraph "Part F - Shareholders' equity", Notes to the accounts.

#### 12.1 "Share capital" and "treasury shares": breakdown

(€ million)

	AMOUNTS AS AT 12.31.2021		AMOUNTS AS AT 12.31.2020	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
<b>A. Share capital</b>				
A.1 Ordinary shares	21,133	-	21,060	-
A.2 Savings shares	-	-	-	-
<b>Total A</b>	<b>21,133</b>	<b>-</b>	<b>21,060</b>	<b>-</b>
<b>B. Treasury shares</b>				
B.1 Ordinary shares	(199)	-	(2)	-
B.2 Savings shares	-	-	-	-
<b>Total B</b>	<b>(199)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>

Share capital, which as of 31 December 2020 was represented by No.2,237,261,803 ordinary shares, in 2021 changed due to a free share capital increase by €73 million resolved on 10 February 2021 by UniCredit's Board of Directors by issuing No.6,288,605 ordinary shares to be granted to the employees of UniCredit group. On 4 October 2021 No.17,420,888 treasury shares were cancelled, without reduction of the share capital upon completion of the "First Buy-Back Programme 2021".

As a result of the above as at 31 December 2021 the share capital of UniCredit S.p.A. amounts to €21,133 million represented by No.2,226,129,520 ordinary shares with no nominal value.

The balance of treasury shares at year end 2021 recognise the cost of No.15,048,642 shares purchased and settled at the date in execution of the "Second Buy-Back Programme 2021" initiated on 13 December 2021, as also reported on section 12.2 below.

#### 12.2 Share capital - Number of shares: annual changes

ITEMS/TYPES	CHANGES IN 2021	
	ORDINARY	SAVINGS
<b>A. Issued shares as at the beginning of the year</b>	<b>2,237,261,803</b>	<b>-</b>
- Fully paid	2,237,261,803	-
- Not fully paid	-	-
A.1 Treasury shares (-)	(4,760)	-
A.2 Shares outstanding: opening balance	2,237,257,043	-
<b>B. Increases</b>	<b>6,288,605</b>	<b>-</b>
B.1 New issues	6,288,605	-
- Against payment	-	-
- Business combinations	-	-
- Bonds converted	-	-
- Warrants exercised	-	-
- Other	-	-
- Free	6,288,605	-
- To employees	6,288,605	-
- To directors	-	-
- Other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
<b>C. Decreases</b>	<b>32,464,770</b>	<b>-</b>
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	32,464,770	-
C.3 Business transferred	-	-
C.4 Other changes	-	-
of which: business combinations	-	-
<b>D. Shares outstanding: closing balance</b>	<b>2,211,080,878</b>	<b>-</b>
D.1 Treasury shares (+)	15,048,642	-
D.2 Shares outstanding as at the end of the year	2,226,129,520	-
- Fully paid	2,226,129,520	-
- Not fully paid	-	-



## Part B - Balance sheet - Liabilities

The item "Purchase of treasury shares" shows the shares purchased in execution of the share buy-back programs approved by Shareholders' Meeting of 15 April 2021 which concerned the purchase of No.17,416,128 shares with the "First Buy-Back programme 2021" completed on 23 June 2021 and No.15,048,642 shares purchased under the "Second Buy-Back Programme 2021" launched on 13 December 2021. The treasury shares purchased with the first buy-back tranche were canceled on 4 October 2021 including the No.4,760 treasury shares already in portfolio at the beginning of the year.

### 12.3 Capital: other information

Pursuant to the resolution passed by the Extraordinary Shareholders' Meeting on 15 December 2011 shares have no face value.

Outstanding ordinary shares relating to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for the issuance of convertible securities denominated "Cashes" amount to No.9,675,640 (issued in the context of the January 2009 capital increase) provides for Euribor-linked discretionary payments contingent also on the payment of dividends on ordinary shares. The voting right cannot be exercised on these shares.

### 12.4 Reserves from profits: other information

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
Legal reserve	1,518	1,518
Statutory reserve	6,828	7,380
Other reserves	1,079	766
<b>Total</b>	<b>9,425</b>	<b>9,664</b>

(€ million)

The Legal reserve in overall includes, in addition to the amount of €1,518 million, also the amount of €2,738 million classified among other reserves (not from profits) through a withdrawal from the "Share premium reserve" as resolved by the Shareholders' Meeting of 11 May 2013, 13 May 2014, 14 April 2016 and 15 April 2021 in order to replenish the Legal reserve above the limit set by Art.2430 of the Italian Civil Code.

### 12.5 Equity instruments: composition and annual changes

The item is entirely composed by Additional Tier 1 bond issuances placed between 2014 and 2021 net of the related issue costs (a total of eight issues). During 2021 an early repayment of equity instruments placed in 2014 was carried out for a total amount of €1,000 million and a new issue was placed for a nominal amount of €750 million.

### 12.6 Other Information

#### Valuation reserves: breakdown

ITEM/TYPES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Equity instruments designated at fair value through other comprehensive income	(260)	(350)
2. Financial assets (other than equity instruments) at fair value through other comprehensive income	407	433
3. Hedging of equity instruments at fair value through other comprehensive income	-	-
4. Financial liabilities at fair value through profit or loss (changes in own credit risk)	(87)	(144)
5. Hedging instruments (non-designated elements)	-	-
6. Property, plant and equipment	699	518
7. Intangible assets	-	-
8. Hedges of foreign investments	-	-
9. Cash-flow hedges	(14)	(103)
10. Exchange differences	-	-
11. Non-current assets classified as held for sale	-	-
12. Actuarial gains (losses) on defined-benefit plans	(228)	(236)
13. Part of valuation reserves of investments valued at net equity	-	-
14. Special revaluation laws	277	277
<b>Total</b>	<b>794</b>	<b>395</b>

(€ million)

## Part B - Balance sheet - Liabilities

The following table, in accordance with article 2427, paragraph 7-bis, of the Italian Civil Code, provides details on the origin, possible uses and availability of distribution of shareholders' equity, as well as the summary of its use in the three previous financial years.

### Breakdown of Shareholders' Equity (with indication of availability and distribution)

(€ million)

ITEMS	AMOUNT	PERMITTED USES <sup>(*)</sup>	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FINANCIAL YEARS	
				TO COVER LOSSES	OTHER REASONS
<b>Share capital</b>	<b>21,133</b>	-	-		
<b>Share premium</b>	<b>5,446</b>	A, B, C	<b>5,446</b>	<b>3,287</b>	<b>4,659</b> <sup>(1)</sup>
<b>Reserves:</b>	<b>15,131</b>				
Legal reserve	4,256	B <sup>(2)</sup>	4,256	-	-
Reserve for treasury shares	199	-	-	-	-
Statutory reserves	6,828	A, B, C	6,828	-	1,132 <sup>(3)</sup>
Reserves arising out of transfer of assets	420	A, B, C <sup>(4)</sup>	420	-	-
Reserves related to the medium-term incentive programme for Group staff	21	- <sup>(5)</sup>	-	-	193 <sup>(14)</sup>
Reserve related to equity-settled plans	902	A, B, C <sup>(6)</sup>	684	-	-
Reserve related to business combinations (IFRS3)	2,093	A, B, C <sup>(7)</sup>	2,093	-	-
Reserve pursuant to Art.1, C.984 Legislative Decree 145/2018	144	A, B, C <sup>(8)</sup>	144	-	-
Reserve related to business combinations within the Group	518	A, B, C <sup>(9)</sup>	518	-	-
Reserve pursuant to Art.6, paragraph 2 Legislative Decree 38/2005	369	B <sup>(10)</sup>	369	-	-
Reserve for share purchase transactions	452	-	-	-	-
Other reserves	84	A, B, C	84	-	-
Negative components of shareholders' equity	(1,155)	- <sup>(11)</sup>	(1,155)	-	-
<b>Revaluation reserves:</b>	<b>793</b>				
Monetary equalisation reserve under L.576/75	4	A, B, C <sup>(12)</sup>	4	-	-
Monetary revaluation reserve under L.72/83	85	A, B, C <sup>(12)</sup>	85	-	-
Asset revaluation reserve under L.408/90	29	A, B, C <sup>(12)</sup>	29	-	-
Property revaluation reserve under L.413/91	159	A, B, C <sup>(12)</sup>	159	-	-
Financial assets and liabilities at fair value through other comprehensive income	60	- <sup>(13)</sup>	-	-	-
Reserve for property plant and equipment	698	- <sup>(13)</sup>	-	-	-
Cash-flow hedges reserve	(14)	- <sup>(13)</sup>	-	-	-
Reserve for actuarial gains (losses) on employee defined - benefit plans	(228)	- <sup>(13)</sup>	-	-	-
<b>Total</b>	<b>42,503</b>		<b>19,964</b>	<b>3,287</b>	<b>5,984</b>
<b>Portion not allowed in distribution</b>			<b>4,625</b>		
<b>Remaining portion available for distribution<sup>(**)</sup></b>			<b>15,339</b>		

#### Notes:

(\*) A: for capital increase; B: to cover losses; C: distribution to shareholders.

(\*\*) Share premium reserve is considered distributable as the legal reserve is at the level of one-fifth of the share capital, as per article 2430 of the Italian Civil Code; the distributable overall amount is net of negative items.

(1) Reserve used for coverage negative reserves (€3,774 million); to increase the Legal reserve (€55 million) and for the allocation to the unavailable reserve for buyback (€830 million).

(2) Reserve available to cover losses only after the utilisation of other reserves, except for the reserves pursuant to article 6, paragraph 2, of Legislative Decree 38/2005; the reserve includes €2,738 million from Share premium reserve as approved by the Ordinary Shareholders' Meetings of 11 May 2013, 13 May 2014, 14 April 2016 and 15 April 2021.

(3) Reserve used to cover negative reserves (€376 million); for allocation to the specific reserve pursuant to Art.1, p. 984 L.D. 145/2018 (€144 million), for allocation to the reserve pursuant to Art.6, p.2 L.D. 38/2005 (€270 million), for allocation to the reserve related to the medium-term incentive programme for Group staff (€74 million) and for distribution of dividends (€268 million).

(4) The reserve includes €215 million distributable according to the procedure established article 2445 of the Italian Civil Code; in case of utilization to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount.

(5) The shareholders' meeting can resolve the removal of the constraint making it available and distributable.

(6) These reserves set up in application of the accounting standard IFRS2 are unavailable as long as the related plans are vested.

(7) The Reserve from business combination (IFRS3), generated with the acquisition of the shareholdings UniCredit Bank AG and UniCredit Bank Austria AG, is fully available due to the write-downs recognised through Profit and loss in the previous years on these shareholdings and covered without using the reserve in question. A portion of this reserve equal to €736 million is to be considered restricted in tax suspension due to the tax realignment of the properties carried out pursuant to Art.110 of the D.L. 2020/104. In the event of distribution of the reserve, the related restricted portion will be subject to taxation at the ordinary rate.

(8) Reserve in suspension of tax established with withdrawal of the statutory reserve; in case of distribution will be subject to taxation at the ordinary rate.

(9) The reserve includes the merger surplus from the merger of the subsidiary UniCredit Bank Ireland Public Limited Company (€295 million).

(10) Reserve from profit non distributable; includes retained earnings connected with the application of the fair value model on investment properties (€75 million); if the reserve is used to cover losses, profits cannot be distributed until this reserve has been replenished by allocating profits from future years.

(11) Negative components affect the availability and distributability of positive reserves of the shareholders' equity.

(12) If case of use to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount by resolution of the extraordinary Shareholders' Meeting Resolution, without application of the provisions of the second and third paragraphs of article 2445 of the Italian Civil Code. If the reserve is not recognised under share capital, it may only be reduced by resolution adopted in application of the provisions of the second and third paragraphs of article 2445 of the Italian Civil Code.

(13) The reserve, when positive, is not available pursuant to article 6 of Legislative Decree 38/2005.

(14) Reserve used for free capital increase with respect to allocation of performance shares connected to the personnel incentive plan.

## Part B - Balance sheet - Liabilities

In detail the composition of negative components of shareholders' equity:

(€ million)	
ITEMS	12.31.2021
Reserve for repayment of AT1 coupons and Cashes fees	(380)
Reserve for capital increase costs	(300)
Reserve for the unsustainable deferred tax assets relating to tax losses carried forward linked to equity items	(113)
Financial instruments at fair value through other comprehensive income	(239)
Reserve relating to business combination within the Group and other negative reserves	(123)
<b>Total</b>	<b>(1,155)</b>

The reserves relating to "business combinations within the Group" includes the negative differences arising from the merger of Buddy Servizi Molecolari S.p.A. (€7 million), Pioneer Global Asset Management (PGAM) S.p.A. (€30 million) and demerger of UniCredit Services S.C.p.A. of the activities related to Italian operations and real estate and logistics businesses (€40 million, so-called "Reus" demerger).



## Part B - Balance sheet - Liabilities

## 3. Assets used to guarantee own liabilities and commitments

(€ million)

PORTFOLIOS	AMOUNTS AS AT	
	12.31.2021	12.31.2020
1. Financial assets at fair value through profit or loss	3,009	1,771
2. Financial assets at fair value through other comprehensive income	17,644	14,739
3. Financial assets at amortised cost	84,330	80,720
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

## 4. Asset management and trading on behalf of others

(€ million)

TYPE OF SERVICES	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>1. Execution of orders on behalf of customers</b>		
a) Purchases	-	-
1. Settled	-	-
2. Unsettled	-	-
b) Sales	-	-
1. Settled	-	-
2. Unsettled	-	-
<b>2. Individual portfolio management</b>	3,600	4,026
<b>3. Custody and administration of securities</b>		
a) Third party securities on deposits: relating to depositary bank activities (excluding portfolio management)	-	-
1. Securities issued by companies included in consolidation	-	-
2. Other securities	-	-
b) Third party securities held in deposits (excluding portfolio management): other	63,104	86,084
1. Securities issued by companies included in consolidation	4,033	5,600
2. Other securities	59,071	80,484
c) Third party securities deposited with third parties	62,589	85,468
d) Property securities deposited with third parties	119,534	104,550
<b>4. Other transactions</b>	<b>6,931</b>	<b>6,877</b>

## 5. Financial assets subject to accounting offsetting or under master netting agreements and similar agreements

(€ million)

INSTRUMENT TYPE		GROSS AMOUNTS OF FINANCIAL ASSETS (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL ASSETS (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING		NET AMOUNT 12.31.2021 (F=C-D-E)	NET AMOUNT 12.31.2020
					FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives		12,638	-	12,638	10,764	1,291	583	1,024
2. Reverse repos		21,218	-	21,218	11,130	-	10,088	23,403
3. Securities lending		-	-	-	-	-	-	-
4. Others		-	-	-	-	-	-	-
<b>Total 12.31.2021</b>		<b>33,856</b>	<b>-</b>	<b>33,856</b>	<b>21,894</b>	<b>1,291</b>	<b>10,671</b>	<b>X</b>
<b>Total 12.31.2020</b>		<b>51,681</b>	<b>-</b>	<b>51,681</b>	<b>26,654</b>	<b>600</b>	<b>X</b>	<b>24,427</b>

## Part B - Balance sheet - Liabilities

## 6. Liabilities subject to accounting offsetting or under master netting agreements and similar ones

(€ million)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL LIABILITIES (A)	FINANCIAL ASSETS OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL LIABILITIES (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING		NET AMOUNT 12.31.2021 (F=C-D-E)	NET AMOUNT 12.31.2020
				FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives	13,281	-	13,281	11,222	1,508	551	183
2. Reverse repos	40,566	-	40,566	11,130	119	29,317	35,234
3. Securities lending	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
<b>Total 12.31.2021</b>	<b>53,847</b>	<b>-</b>	<b>53,847</b>	<b>22,352</b>	<b>1,627</b>	<b>29,868</b>	<b>X</b>
<b>Total 12.31.2020</b>	<b>64,290</b>	<b>-</b>	<b>64,290</b>	<b>26,660</b>	<b>2,213</b>	<b>X</b>	<b>35,417</b>

## 7. Security borrowing transactions

(€ million)

TYPE OF LENDER	AMOUNTS AS AT 12.31.2021			
	AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES			
	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	2,035	-	-	850
B. Financial companies	-	-	-	-
C. Insurance companies	-	-	-	-
D. Non-financial companies	-	-	-	-
E. Others	3	-	186	671
<b>Total</b>	<b>2,038</b>	<b>-</b>	<b>186</b>	<b>1,521</b>

## Part C - Income statement

## Section 1 - Interests - Items 10 and 20

## 1.1 Interest income and similar revenues: breakdown

(€ million)

ITEMS/TYPES	YEAR 2021				YEAR 2020 TOTAL
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	
<b>1. Financial assets at fair value through profit or loss</b>	<b>195</b>	<b>2</b>	<b>-</b>	<b>197</b>	<b>28</b>
1.1 Financial assets held for trading	32	-	-	32	-
1.2 Financial assets designated at fair value	1	-	-	1	1
1.3 Other financial assets mandatorily at fair value	162	2	-	164	27
<b>2. Financial assets at fair value through other comprehensive income</b>	<b>355</b>	<b>-</b>	<b>X</b>	<b>355</b>	<b>338</b>
<b>3. Financial assets at amortised cost</b>	<b>424</b>	<b>3,172</b>	<b>X</b>	<b>3,596</b>	<b>4,115</b>
3.1 Loans and advances to banks	95	75	X	170	188
3.2 Loans and advances to customers	329	3,097	X	3,426	3,927
<b>4. Hedging derivatives</b>	<b>X</b>	<b>X</b>	<b>(569)</b>	<b>(569)</b>	<b>(417)</b>
<b>5. Other assets</b>	<b>X</b>	<b>X</b>	<b>11</b>	<b>11</b>	<b>15</b>
<b>6. Financial liabilities</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>817</b>	<b>506</b>
<b>Total</b>	<b>974</b>	<b>3,174</b>	<b>(558)</b>	<b>4,407</b>	<b>4,585</b>
<i>of which: interest income on impaired financial assets</i>	<i>1</i>	<i>221</i>	<i>-</i>	<i>222</i>	<i>210</i>
<i>of which: interest income on financial lease</i>	<i>X</i>	<i>-</i>	<i>X</i>	<i>-</i>	<i>-</i>

The interests on financial assets mandatorily at fair value include €99 million referred to the first coupon settlement of Additional Tier 1 instruments issued by UniCredit Bank AG subsidiary.

The interests on financial liabilities, contributing to net interest margin, include €472 million arising from TLTRO III facilities, for the calculation of which refer to the paragraph "TLTRO", Notes to the accounts, Part A - Accounting policies, Section 4 - Other matters.

## 1.2 Interest income and similar revenues: other information

## 1.2.1 Interest income from financial assets denominated in currency

(€ million)

ITEMS	YEAR 2021	YEAR 2020
a) Assets denominated in currency	278	340



## Part C - Income statement

## 1.3 Interest expenses and similar charges: breakdown

ITEMS/TYPES	YEAR 2021				(€ million)
	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	YEAR 2020 TOTAL
<b>1. Financial liabilities at amortised cost</b>	<b>(171)</b>	<b>(1,509)</b>	<b>X</b>	<b>(1,680)</b>	<b>(1,821)</b>
1.1 Deposits from central banks	-	X	X	-	(4)
1.2 Deposits from banks	(26)	X	X	(26)	(54)
1.3 Deposits from customers	(145)	X	X	(145)	(155)
1.4 Debt securities in issue	X	(1,509)	X	(1,509)	(1,608)
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>(38)</b>	<b>(40)</b>	<b>(78)</b>	<b>(65)</b>
<b>3. Financial liabilities designated at fair value</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>(9)</b>	<b>(4)</b>
<b>4. Other liabilities and funds</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5. Hedging derivatives</b>	<b>X</b>	<b>X</b>	<b>1,023</b>	<b>1,023</b>	<b>1,033</b>
<b>6. Financial assets</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>(500)</b>	<b>(296)</b>
<b>Total</b>	<b>(171)</b>	<b>(1,556)</b>	<b>983</b>	<b>(1,244)</b>	<b>(1,153)</b>
<i>of which: interest expenses on lease deposits</i>	<i>(11)</i>	<i>X</i>	<i>X</i>	<i>(11)</i>	<i>(14)</i>

## 1.4 Interest expenses and similar charges: other information

## 1.4.1 Interest expenses on liabilities denominated in currency

ITEMS	YEAR 2021	YEAR 2020
a) Liabilities denominated in currency	(547)	(581)

## 1.5 Differentials relating to hedging operations

ITEMS	YEAR 2021	YEAR 2020
A. Positive differentials relating to hedging operations	2,524	2,464
B. Negative differentials relating to hedging operations	(2,070)	(1,848)
<b>C. Net differential (A-B)</b>	<b>454</b>	<b>616</b>

## Part C - Income statement

## Section 2 - Fees and commissions - Items 40 and 50

## 2.1 Fees and commissions income: breakdown

		(€ million)	
TYPE OF SERVICES/VALUES	YEAR 2021	YEAR 2020	
a) Financial Instruments	1,432	1,065	
1. Placement of securities	1,267	892	
1.1 Underwriting and/or on the basis of an irrevocable commitment	-	-	
1.2 Without irrevocable commitment	1,267	892	
2. Reception and transmission of orders	118	118	
2.1 Reception and transmission of orders of financial instruments	118	118	
2.2 Execution of orders on behalf of customers	-	-	
3. Other fees related to activities linked to financial instruments	47	55	
of which: proprietary Trading	-	-	
of which: individual portfolio management	47	55	
b) Corporate Finance	11	2	
1. M&A advisory	-	-	
2. Treasury services	-	-	
3. Other fee and commission income in relation to corporate finance activities	11	2	
c) Fee based advice	4	4	
d) Clearing and settlement	-	-	
e) Custody and administration of securities	8	8	
1. Custodian Bank	-	-	
2. Other fee and commission income in relation to corporate finance activities	8	8	
f) Central administrative services for collective investment	-	-	
g) Fiduciary transactions	-	-	
h) Payment services	784	694	
1. Current accounts	-	-	
2. Credit cards	55	51	
3. Debits cards and other card payments	147	126	
4. Transfers and other payment orders	248	217	
5. Other fees in relation to payment services	334	300	
i) Distribution of third party services	748	663	
1. Collective portfolio management	-	-	
2. Insurance products	742	662	
3. Other products	6	1	
of which: individual portfolio management	2	-	
j) Structured finance	-	-	
k) Loan servicing activities	42	47	
l) Loan commitment given	28	31	
m) Financial guarantees	208	212	
of which: credit derivatives	-	-	
n) Lending transaction	211	192	
of which: factoring services	-	-	
o) Currency trading	115	99	
p) Commodities	-	-	
q) Other fee income	1,046	1,057	
of which: management of sharing multilateral trading facilities	-	-	
of which: management of organized trading systems	-	-	
<b>Total</b>	<b>4,637</b>	<b>4,074</b>	

Item "a) Financial instruments - 1. Placement of securities" includes placement management fees on investment funds for €1,227 million.

Item "q) other fee income" mainly comprise:

- fees for ancillary services linked to current accounts (e.g., token, debt card): €391 million in 2021, €346 million in 2020 (+13%);
- fees for immediate funds availability: €326 million in 2021, €356 million in 2020 (-8%);
- fees for ATM and credit card services not included in collection and payment services: €65 million in 2021, €266 million in 2020 (-1%);
- fees for current accounts keeping: €112 million in 2021, €110 million in 2020 (+2%).

## Part C - Income statement

## 2.2 Fees and commissions income: distribution channels of products and services

(€ million)		
CHANNELS/VALUES	YEAR 2021	YEAR 2020
<b>A) Through bank branches</b>	<b>2,062</b>	<b>1,610</b>
1. Portfolio management	47	55
2. Placement of securities	1,267	892
3. Others' products and services	748	663
<b>B) Off-site offer</b>	<b>-</b>	<b>-</b>
1. Portfolio management	-	-
2. Placement of securities	-	-
3. Others' products and services	-	-
<b>C) Other distribution channels</b>	<b>-</b>	<b>-</b>
1. Portfolio management	-	-
2. Placement of securities	-	-
3. Others' products and services	-	-

## 2.3 Fees and commissions expenses: breakdown

(€ million)		
SERVICES/VALUES	YEAR 2021	YEAR 2020
a) Financial instruments	(22)	(20)
<i>of which: trading in financial instruments</i>	(10)	(8)
<i>of which: placement of financial instruments</i>	(5)	(4)
<i>of which: individual Portfolio management</i>	(7)	(8)
- own portfolio	-	-
- third party portfolio	(7)	(8)
b) Clearing and settlement	-	-
c) Custody and administration of securities	(35)	(33)
d) Collection and payment services	(317)	(286)
<i>of which: debit credit card service and other payment cards</i>	(277)	(245)
e) Loan securitisation servicing activities	(1)	-
f) Loan commitment given	-	-
g) Financial guarantees received	(77)	(85)
<i>of which: credit derivatives</i>	-	(4)
h) Off-site distribution of financial instruments, products and services	(7)	(6)
i) Currencies trading	(1)	(1)
j) Other fees and commissions expenses	(84)	(106)
<b>Total</b>	<b>(544)</b>	<b>(537)</b>

## Part C - Income statement

### Section 3 - Dividend income and similar revenue - Item 70

#### 3.1 Dividend income and similar revenues: breakdown

(€ million)

ITEMS/REVENUES	YEAR 2021		YEAR 2020	
	DIVIDENDS	SIMILAR REVENUES	DIVIDENDS	SIMILAR REVENUES
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily at fair value	20	24	17	7
C. Financial assets at fair value through other comprehensive income	11	-	24	-
D. Equity investments	837	-	3,645	-
<b>Total</b>	<b>868</b>	<b>24</b>	<b>3,686</b>	<b>7</b>
<b>Total dividends and similar revenues</b>		<b>892</b>		<b>3,693</b>

Dividends are recognised in the income statement when distribution is approved.

The item "B. Other financial assets mandatorily at fair value" includes mainly the dividends relating to the shareholding in La Villata S.p.A. Immobiliare di Investimento e Sviluppo for €16 million and Webuild S.p.A. for €3 million, further to €24 million from Investment Funds distributions. The item "C. Financial assets at fair value through other comprehensive income" includes mainly the dividends received relating to the shareholding in Banca d'Italia (€10 million).

Here below the breakdown of dividends on equity investments collected during 2021 and 2020.

#### Breakdown of dividends by investments

(€ million)

	YEAR 2021	YEAR 2020
UniCredit Bank Austria AG	400	3,288
UniCredit Bank Czech Republic and Slovakia A.S.	126	-
AO UniCredit Bank	101	90
Creditas Vita S.p.A.	45	8
UniCredit Bank Ireland P.L.C.	42	32
UniCredit Factoring S.p.A.	38	58
UniCredit Bank Serbia JSC	18	60
UniCredit Banka Slovenija D.D.	14	-
Creditas Assicurazioni S.p.A.	13	-
Yapi Ve Kredi Bankasi A.S.	10	-
Camfin S.p.A.	8	-
UniCredit Bank A.D. Banja Luka	8	-
CNP UniCredit Vita S.p.A.	6	-
Incontra Assicurazioni S.p.A.	6	5
UniCredit Myagents S.r.l.	2	1
UniCredit Bank Hungary ZRT	-	49
UniCredit Bank Austria AG	-	44
UniCredit International Bank (Luxembourg) S.A.	-	9
Bavaria Servicos De Representao Commercial LTD	-	1
<b>Total</b>	<b>837</b>	<b>3,645</b>

The dividend distributed in 2020 by UniCredit Bank AG for a total amount of €3,288 million also included an extraordinary dividend amount of €2,500 million.

## Part C - Income statement

### Section 4 - Gains (Losses) on financial assets and liabilities held for trading - Item 80

#### 4.1 Net gains (losses) on trading: breakdown

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2021				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets held for trading</b>	<b>56</b>	<b>101</b>	<b>(37)</b>	<b>(114)</b>	<b>6</b>
1.1 Debt securities	56	101	(37)	(114)	6
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Debt securities	-	-	-	-	-
2.2 Deposits	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Financial assets and liabilities: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>(259)</b>
<b>4. Derivatives</b>	<b>3,543</b>	<b>2,994</b>	<b>(3,433)</b>	<b>(2,856)</b>	<b>638</b>
4.1 Financial derivatives	3,543	2,994	(3,433)	(2,856)	638
- On debt securities and interest rates	2,454	1,862	(2,361)	(1,780)	175
- On equity securities and share indices	29	68	(12)	(15)	70
- On currencies and gold	X	X	X	X	390
- Other	1,060	1,064	(1,060)	(1,061)	3
4.2 Credit derivatives	-	-	-	-	-
of which: economic hedges linked to the fair value option	X	X	X	X	-
<b>Total</b>	<b>3,599</b>	<b>3,095</b>	<b>(3,470)</b>	<b>(2,970)</b>	<b>385</b>

Financial derivatives include the ones connected to debt securities financial liabilities at fair value. Economic effects of derivatives belonging to the management strategy of Yapi Ve Kredi Bankasi A.S. are included, as mentioned into Report on operations.

### Section 5 - Fair value adjustments in hedge accounting - Item 90

#### 5.1 Net gains (losses) on hedge accounting: breakdown

(€ million)

INCOME COMPONENT/VALUES	YEAR 2021	YEAR 2020
<b>A. Gains on</b>		
A.1 Fair value hedging instruments	2,292	823
A.2 Hedged financial assets (in fair value hedge relationship)	112	785
A.3 Hedged financial liabilities (in fair value hedge relationship)	2,864	81
A.4 Cash-flow hedging derivatives	4	2
A.5 Assets and liabilities denominated in currency	-	-
<b>Total gains on hedging activities (A)</b>	<b>5,272</b>	<b>1,691</b>
<b>B. Losses on</b>		
B.1 Fair value hedging instruments	(3,027)	(886)
B.2 Hedged financial assets (in fair value hedge relationship)	(2,154)	-
B.3 Hedged financial liabilities (in fair value hedge relationship)	(94)	(801)
B.4 Cash-flow hedging derivatives	(4)	-
B.5 Assets and liabilities denominated in currency	-	-
<b>Total losses on hedging activities (B)</b>	<b>(5,279)</b>	<b>(1,687)</b>
<b>C. Net hedging result (A-B)</b>	<b>(7)</b>	<b>4</b>
of which: net gains (losses) of hedge accounting on net positions	-	-

The increase in the items gain and losses on the hedging derivatives is mainly attributable to the evolution in the markets interest rate curves observed in 2021.

## Part C - Income statement

Hedging derivatives evaluation include any eventual "model" adjustment needed to reflect the presence of guarantees and credit risk of counterparties.

### Section 6 - Gains (Losses) on disposals/repurchases - Item 100

#### 6.1 Gains (Losses) on disposal/repurchase: breakdown

(€ million)

ITEMS/INCOME ITEMS	YEAR 2021			YEAR 2020		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
<b>A. Financial assets</b>						
1. Financial assets at amortised cost	193	(120)	73	241	(117)	124
1.1 Loans and advances to banks	2	-	2	2	-	2
1.2 Loans and advances to customers	191	(120)	71	239	(117)	122
2. Financial assets at fair value through other comprehensive income	239	(146)	93	86	(63)	23
2.1 Debt securities	239	(146)	93	86	(63)	23
2.2 Loans	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>432</b>	<b>(266)</b>	<b>166</b>	<b>327</b>	<b>(180)</b>	<b>147</b>
<b>B. Financial liabilities at amortised cost</b>						
1. Deposits from banks	-	-	-	-	-	-
2. Deposits from customers	1	(2)	(1)	-	-	-
3. Debt securities in issue	-	(10)	(10)	20	(10)	10
<b>Total liabilities (B)</b>	<b>1</b>	<b>(12)</b>	<b>(11)</b>	<b>20</b>	<b>(10)</b>	<b>10</b>
<b>Total financial assets/liabilities</b>			<b>155</b>			<b>157</b>

Net results on financial assets at amortised cost mainly arise from sale of bonds and, for a lower amount, of non-performing loans to customers.

Net gains on financial assets at fair value through other comprehensive income are essentially related to effects of the sale of government bonds, mainly Italian ones.

Net gains from repurchase of debts securities in issue arise from buyback of some issuances before their original maturity. Negative 2021 result essentially originates from the accounting effects of the derecognition of issued bonds subscribed by UniCredit Bank Ireland PLC following its merge into UniCredit S.p.A.

### Section 7 - Net gains (losses) on other financial assets/liabilities at fair value through profit or loss - Item 110

#### 7.1 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2021				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets</b>	-	-	(7)	-	(7)
1.1 Debt securities	-	-	(7)	-	(7)
1.2 Loans	-	-	-	-	-
<b>2. Financial liabilities</b>	<b>60</b>	<b>134</b>	<b>(164)</b>	<b>(131)</b>	<b>(101)</b>
2.1 Debt securities	60	134	(164)	(131)	(101)
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
<b>3. Financial assets and liabilities in foreign currency: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>-</b>
<b>Total</b>	<b>60</b>	<b>134</b>	<b>(171)</b>	<b>(131)</b>	<b>(108)</b>







## Part C - Income statement

### Section 9 - Gains/Losses from contractual changes with no cancellations - Item 140

#### 9.1 Gains (Losses) from contractual changes: breakdown

	YEAR 2021			(€ million)
	GAINS	LOSSES	TOTAL	YEAR 2020 TOTAL
<b>A. Financial assets at amortised costs</b>				
A.1 Debt securities	-	-	-	-
A.2 Loans to banks	-	-	-	-
A.3 Loans to customers	3	(6)	(3)	(7)
<b>Total (A)</b>	<b>3</b>	<b>(6)</b>	<b>(3)</b>	<b>(7)</b>
<b>B. Financial assets at fair value through other comprehensive income</b>				
B.1 Debt securities	-	-	-	-
B.2 Loans to banks	-	-	-	-
B.3 Loans to customers	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>3</b>	<b>(6)</b>	<b>(3)</b>	<b>(7)</b>

### Section 10 - Administrative expenses - Item 160

#### 10.1 Staff expenses: breakdown

TYPE OF EXPENSES/VALUES	YEAR 2021		(€ million)
	YEAR 2021	YEAR 2020	
<b>1) Employees</b>	<b>(2,926)</b>	<b>(3,917)</b>	
a) Wages and salaries	(1,861)	(1,846)	
b) Social charges	(513)	(491)	
c) Severance pay	(18)	(29)	
d) Social security costs	-	-	
e) Allocation to employee severance pay provision	(7)	(7)	
f) Provision for retirements and similar provisions	12	(2)	
- Defined contribution	-	-	
- Defined benefit	12	(2)	
g) Payments to external pension funds	(155)	(159)	
- Defined contribution	(155)	(159)	
- Defined benefit	-	-	
h) Costs arising from share-based payments	(40)	(26)	
i) Other employee benefits	(344)	(1,357)	
<b>2) Other non-retired staff</b>	<b>(4)</b>	<b>(2)</b>	
<b>3) Directors and Statutory Auditors</b>	<b>(6)</b>	<b>(5)</b>	
<b>4) Early retirement costs</b>	<b>-</b>	<b>-</b>	
<b>5) Recoveries of payments for seconded employees to other companies</b>	<b>59</b>	<b>67</b>	
<b>6) Refund of expenses for seconded employees to the company</b>	<b>(60)</b>	<b>(80)</b>	
<b>Total</b>	<b>(2,937)</b>	<b>(3,937)</b>	

#### 10.2 Average number of employees by category

	YEAR 2021	YEAR 2020
<b>Employees</b>	<b>33,194</b>	<b>35,015</b>
a) Senior managers	688	708
b) Managers	17,062	18,015
c) Remaining employees staff	15,444	16,292
<b>Other Staff</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>33,194</b>	<b>35,015</b>

The average number of employees in 2021 falls by about 5% compared to 2020. The same percentage decrease is also found in the number of employees (32,262 in 2021 versus 33,842 in 2020). The trend is mainly due to the decrease in resources as the result of the exits for Restructuring Plan as well as the secondment staff dynamics.

## Part C - Income statement

### 10.3 Defined benefit company retirement funds: costs and revenues

	(€ million)	
	YEAR 2021	YEAR 2020
Current service cost	(1)	(1)
Settlement gains (losses)	14	-
Past service cost	-	-
Interest cost on the DBO	(2)	(3)
Interest income on plan assets	1	2
Other costs/revenues	-	-
Administrative expenses paid through plan assets	-	-
<b>Total recognised in profit or loss</b>	<b>12</b>	<b>(2)</b>

With regard to the gain on settlement of €14 million, refer to paragraph “10.5 Pensions and other post-retirement defined-benefit obligations”, Notes to the accounts, Part B - Balance sheet - Liabilities.

### 10.4 Other employee benefits

	(€ million)	
	YEAR 2021	YEAR 2020
- Seniority premiums	-	-
- Leaving incentives	(243)	(1,243)
- Other	(101)	(114)
<b>Total</b>	<b>(344)</b>	<b>(1,357)</b>

The net balance in the sub-item Leaving incentives for 2021 is mainly determined by the new Strategic Plan, announced to the market on 9 December 2021. The Plan envisages a reduction of the workforce over the plan horizon and the recognition of restructuring costs for €0.24 billion as at 31 December 2021.

The exits for restructuring will be realized on a voluntary basis. In this regard, the negotiations with workers council have been finalized within 27 January 2022.

It should be noted that these expenses are initially recognised as provisions for risks and charges and will be reclassified to “Other liabilities” when a specific debt toward the employees will arise.

## Part C - Income statement

### 10.5 Other administrative expenses: breakdown

TYPE OF EXPENSES/SECTORS	(€ million)	
	YEAR 2021	YEAR 2020
<b>1) Indirect taxes and duties</b>	<b>(431)</b>	<b>(412)</b>
1a. Settled	(429)	(412)
1b. Unsettled	(2)	-
<b>2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)</b>	<b>(436)</b>	<b>(346)</b>
<b>3) Guarantee fees for DTA conversion</b>	<b>(100)</b>	<b>(107)</b>
<b>4) Miscellaneous costs and expenses</b>	<b>(1,534)</b>	<b>(1,566)</b>
a) Advertising marketing and communication	(48)	(58)
b) Expenses relating to credit risk	(92)	(104)
c) Indirect expenses relating to personnel	(24)	(28)
d) Information & Communication Technology expenses	(858)	(829)
Lease of ICT equipment and software	(13)	(13)
Software expenses: lease and maintenance	(9)	(9)
ICT communication systems	(6)	(5)
Services ICT in outsourcing	(801)	(777)
Financial information providers	(29)	(25)
e) Consulting and professional services	(82)	(82)
Consulting	(66)	(69)
Legal expenses	(16)	(13)
f) Real estate expenses	(158)	(174)
Premises rentals	(28)	(31)
Utilities	(63)	(68)
Other real estate expenses	(67)	(75)
g) Operating costs	(272)	(291)
Surveillance and security services	(59)	(89)
Money counting services and transport	-	-
Printing and stationery	(5)	(6)
Postage and transport of documents	(19)	(18)
Administrative and logistic services	(116)	(104)
Insurance	(35)	(33)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(21)	(22)
Other administrative expenses - other	(17)	(19)
<b>Total (1+2+3+4)</b>	<b>(2,501)</b>	<b>(2,431)</b>

Expenses related to personnel include the expenses that do not represent remuneration of the working activity of an employee in compliance with IAS19.

#### Contributions to Resolution and Guarantee funds

Reference is made to the paragraph "Contribution to Resolution and Guarantee funds" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part C - Consolidated income statement, Section 12 - Administrative expenses - Item 190, which is herewith quoted entirely.

#### Guarantee fees for DTA conversion

Reference is made to the paragraph "Guarantee fees for DTA conversion" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part C - Consolidated income statement, Section 12 - Administrative expenses - Item 190, which is herewith quoted entirely.

## Part C - Income statement

### Section 11 - Net provisions for risks and charges - Item 170

#### 11.1 Net provisions for credit risk from loans commitments and financial guarantees given: breakdown

(€ million)

	YEAR 2021		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Loan commitments	(69)	44	(25)
Financial guarantees given	(144)	191	47

#### 11.2 Net provisions for other commitments and guarantees given: breakdown

No data to be disclosed.

#### 11.3 Net provisions for risks and charges: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2021			YEAR 2020 TOTAL
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	
<b>1. Other provisions</b>				
1.1 Legal disputes	(266)	97	(169)	(75)
1.2 Staff costs	-	-	-	-
1.3 Other	(92)	120	28	(55)
<b>Total</b>	<b>(358)</b>	<b>217</b>	<b>(141)</b>	<b>(130)</b>

Provisions for legal disputes are posted to cover potential liabilities that may result from pending lawsuits.

More details on legal disputes are included into the paragraph "B. Legal risks" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks

### Section 12 - Net value adjustments/write-backs on property, plant and equipment - Item 180

#### 12.1 Impairment on property, plant and equipment: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2021			NET PROFIT (A+B-C)
	DEPRECIATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	
<b>A. Property, plant and equipment</b>				
<b>A.1 Used in the business</b>	<b>(314)</b>	<b>(31)</b>	<b>7</b>	<b>(338)</b>
- Owned	(143)	(4)	-	(147)
- Right of use of Leased Assets	(171)	(27)	7	(191)
<b>A.2 Held for investment</b>	-	-	-	-
- Owned	-	-	-	-
- Right of use of Leased Assets	-	-	-	-
<b>A.3 Inventories</b>	-	-	-	-
<b>Total A</b>	<b>(314)</b>	<b>(31)</b>	<b>7</b>	<b>(338)</b>
<b>B. Non-current assets and groups of assets held for sale</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Used in the business	X	-	-	-
- Held for investments	X	-	-	-
- Inventories	X	-	-	-
<b>Total (A+B)</b>	<b>(314)</b>	<b>(31)</b>	<b>7</b>	<b>(338)</b>

## Part C - Income statement

### Section 13 - Net value adjustments/write-backs on intangible assets - Item 190

#### 13.1 Net value adjustments/write-backs on intangible assets: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2021			NET PROFIT (A+B-C)
	AMORTISATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	
<b>A. Intangible assets</b>				
of which: software	(3)	-	-	(3)
<b>A.1 Owned</b>	(3)	-	-	(3)
- Generated internally by the company	-	-	-	-
- Other	(3)	-	-	(3)
<b>A.2 Right of use of Leased Assets</b>	-	-	-	-
<b>Total</b>	(3)	-	-	(3)

### Section 14 - Other operating expenses/income - Item 200

#### 14.1 Other operating expenses: breakdown

(€ million)

TYPE OF EXPENSE/VALUES	YEAR 2021	YEAR 2020
Costs for operating leases	-	-
Non-deductible tax and other fiscal charges	-	-
Write-downs on leasehold improvements	(37)	(32)
Costs relating to the specific service of financial leasing	-	-
Other	(277)	(335)
<b>Total other operating expenses</b>	<b>(314)</b>	<b>(367)</b>

The sub-item "Other" includes settlements and indemnities for -€179 million and effects of evaluation of the precious stones (diamonds) repurchased from customers within the "customer care" initiative promoted by the Bank regarding this topic for -€41 million.

#### 14.2 Other operating income: breakdown

(€ million)

TYPE OF REVENUE/VALUES	YEAR 2021	YEAR 2020
<b>A) Recovery of costs</b>	<b>459</b>	<b>442</b>
<b>B) Other revenues</b>	<b>181</b>	<b>135</b>
Revenues from administrative services	49	45
Revenues from operating leases	19	17
Recovery of miscellaneous costs paid in previous years	2	2
Revenues on financial leases activities	-	-
Other	111	71
<b>Total other operating income (A+B)</b>	<b>640</b>	<b>577</b>

The sub-item "Others" includes income deriving from the contract of "Collateral" related to the sale of FinecoBank S.p.A. occurred in 2019 for €8 million and the ones deriving from the review of the terms of the existing business relationship between UniCredit S.p.A. and SIA for €42 million.

## Part C - Income statement

### Section 15 - Gains (Losses) of equity investments - Item 220

#### 15.1 Profit (Loss) of equity investments: breakdown

(€ million)

INCOME ITEMS/VALUES	YEAR 2021	YEAR 2020
<b>A. Income</b>	<b>8,016</b>	<b>202</b>
1. Revaluations	-	-
2. Gains on disposal	34	123
3. Writebacks	7,982	79
4. Other gains	-	-
<b>B. Expenses</b>	<b>(652)</b>	<b>(4,944)</b>
1. Writedowns	-	-
2. Impairment losses	(652)	(4,944)
3. Losses on disposal	-	-
4. Other expenses	-	-
<b>Net profit</b>	<b>7,364</b>	<b>(4,742)</b>

Gains on disposal include the results from the sale of Capital Dev S.p.A. for €17 million, Sia UniCredit Leasing S.p.A. for €7 million and Yapi Ve Kredi Bankasi A.S. for €10 million.

Impairment losses in subsidiaries UniCredit Leasing S.p.A. (-€280 million), Yapi Ve Kredi Bankasi A.S. (-€249 million), Cordusio SIM S.p.A. (-€104 million), Pioneer Alternative Investments Management Ltd (-€8 million), UniCredit Turn Around Management Cee GmbH (-€8 million), Nuova Compagnia di Partecipazioni S.p.A. (-€3 million).

Writebacks in subsidiaries include UniCredit Bank AG (€ 4,958 million), UniCredit Bank Austria AG (€2,972 million), CNP UniCredit Vita S.p.A. (€43 million), UniCredit International Luxembourg S.A. (€5 million), Crivelli S.r.l. (€3 million), UniCredit Subito Casa S.p.A. (€1 million).

### Section 16 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value - Item 230

#### 16.1 Net gains (losses) on property, plant and equipment and intangible assets measured at fair value: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2021				NET PROFIT (A-B+C-D)
	REVALUATIONS (A)	WRITEDOWNS (B)	EXCHANGE DIFFERENCES		
			POSITIVE (C)	NEGATIVE (D)	
A. Property, plant and equipment	12	(21)	-	-	(9)
A.1 Used in the business	7	(3)	-	-	4
- Owned	7	(3)	-	-	4
- Right of use of Leased Assets	-	-	-	-	-
A.2 Held for investment	5	(18)	-	-	(13)
- Owned	5	(18)	-	-	(13)
- Right of use of Leased Assets	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	-	-	-	-	-
B.1 Owned	-	-	-	-	-
- Generated internally by the company	-	-	-	-	-
- Other	-	-	-	-	-
B.2 Right of use of Leased Assets	-	-	-	-	-
Total (A+B)	12	(21)	-	-	(9)

For further information about the description of effects produced by update of appraisals conducted for fair value evaluation of respective assets, reference is made to the paragraph "Section 9 - Property, plant and equipment - item 90" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets -

### Section 17 - Goodwill impairment - Item 240

No data to be disclosed.



## Part C - Income statement

### Section 18 - Gains (Losses) on disposals on investments - Item 250

#### 18.1 Gains and losses on disposal of investments: breakdown

(€ million)		
INCOME ITEMS/SECTORS	YEAR 2021	YEAR 2020
<b>A. Property</b>		
- Gains on disposal	-	1
- Losses on disposal	(1)	(1)
<b>B. Other assets</b>		
- Gains on disposal	2	5
- Losses on disposal	(2)	-
<b>Net profit</b>	<b>(1)</b>	<b>5</b>

### Section 19 - Tax expenses (income) for the period from continuing operations - Item 270

Taxes on income are accounted in accordance with IAS12. The tax charge consists of current and deferred taxes, mainly determined in accordance with the applicable provisions on IRES and IRAP, and CFC separate taxation (Controlled Foreign Companies, i.e., foreign subsidiaries taxed on a transparency basis where specific conditions are met).

IRES is calculated by making specific upward or downward adjustments to the current year profit or loss as resulting from the income statement for determining the taxable income. These tax adjustments are made as required by the provisions of the Italian Income Tax Code (TUIR), in relation to the non-deductibility of certain expenses or the non-taxability of certain revenues.

The IRES tax rate applied to the taxable income is 24%. An additional surcharge of 3.5% applies to banks and financial companies.

The above-mentioned tax adjustments may be "permanent" or "temporary".

The "permanent" adjustments refer to expenses/revenues that are totally or partially non-deductible/non-taxable.

The "temporary" adjustments, on the other hand, relate to expenses or revenues whose deductibility or taxability is deferred to future tax periods on the occurrence of particular events, or distributed in equal quotas over a predefined number of years.

The presence of "temporary" adjustments leads to the recognition of deferred tax assets (for costs to be deducted) or deferred tax liabilities (for revenues to be taxed).

The purpose of the recognition of deferred tax assets and liabilities is to reconcile in the financial statements the different tax period of relevance established by the TUIR compared to the accounting accrual principle.

For IRES purposes, subject to a specific election to be submitted to the "Agenzia Entrate", this tax can be paid on a Tax Group level rather than on an individual basis.

All Italian companies that meet the control pre-requisite can adhere to the Tax Group regime, in order to compute the tax payment on a unique taxable base consisting of the algebraic sum of the taxable amounts of all the companies adhering to the Tax Group regime.

The tax rate applicable to the Tax Group is 24%.

For IRES purposes, is stated a separate taxation "for transparency" on incomes, calculated according to the provisions of the Italian Income Tax Code (TUIR), of the foreign direct and indirect subsidiaries (so-called CFCs: Controlled Foreign Companies) established in countries with a nominal or effective tax rate which is significantly below the Italian corresponding one. The applicable tax rate is 27.5%.

IRAP is levied on productive activities and relevant taxable base corresponds to the algebraic sum of certain items of the Income statement as specifically identified by Legislative Decree No.446 of 1997, which also states further upward and downward adjustments to be made (other than IRES ones). Law of 23 December 2014 No.190 (2015 Stability Law) establishes, starting from 2015, that personnel costs for employees with permanent employment contracts are fully deductible from IRAP in addition to the deductions already established by the so-called "cuneo fiscale". Furthermore, in 2016 the full deductibility of the loan loss provisions in the year of accrual in the financial statements was introduced following the entry into force of Art.16 of Law Decree 27 June 2015 No.83.

The tax is calculated by apportioning the overall value of production among the various administrative regions where the productive activities are carried out (for banks the apportionment is made on the basis of the regional distribution of customer's deposits) and applying the respective regional rate to each of the individual portions identified. A national rate of 4.65% is established, to which each region can autonomously add a surcharge up to 0.92%, with an overall theoretical rate of 5.57% (plus a further rate of 0.15% for regions with a deficit in spending on the local welfare sector).

## Part C - Income statement

During the year 2021, many provisions were confirmed to face the economic difficulties caused by the Covid-19 pandemic. Such provisions, however, mainly concerned non-banking or smaller companies; the only relevant provision of interest to UniCredit S.p.A. was contained in Legislative Decree 17 March 2020 No.18, confirmed by Law Decree 25 May 2021 No.73, which allows the transformation of tax losses carried forward into tax credits against the disposal to companies outside the Group occurred within 31 December 2021 of "non-performing" loans.

The rule identifies as "non performing" the loans for which, at the time of the disposal, the non-repayment has continued for more than 90 days with respect to the expiry date, and states a maximum benefit available in terms of taxable base equal to €400 million (equivalent to 20% of a maximum total of €2 billion in terms of nominal amount of loans transferred) and, consequently, equal to €110 million in terms of taxes at a rate of 27.5%. Notwithstanding the rules states strict requirements of applicability, UniCredit S.p.A. was able to benefit for the entire amount. In fact, the "non-performing" credit disposals made during 2021, have been allowed the transformation of the DTA of tax losses carried forward into tax credits for the whole amount of €110 million, providing a positive impact on the Income statement for the same amount.

The Art.110 of the Law Decree 14 August 2020, No.104 has established the realignment of the book values to the fiscal values of the Bank assets (by repurposing, as already done in the previous years, the provision introduced by the Art.14 Law 21 November 2000 No.342). The realignment involves tax recognition of the higher book value registered by payment of a substitute tax to the extent of 3%, due in three annual payments. In case of realignment the rule provides to bind a reserve in suspension of tax (for tax purposes) equals to the differential redeemed net of the substitute tax due. In case of distribution such reserve has to be taxed. The higher values redeemed have been assumed as valid for IRES and IRAP purposes as at 1 January 2021.

The realignment has been made on 30 June 2021 by payment of a substitute tax of €5 million (€5.5 million due within 30 June 2022 and other €5.5 million due within 30 June 2023) with a benefit of €7 million in Income statement, due to the write off of deferred tax liabilities for €8 million, not considering the amount of the substitute tax referred to Income statement and a benefit of €153 million in Net equity, due to the write off of deferred tax liabilities for €169 million, not considering the amount of the substitute tax referred to Net equity.

Taxes on income for 2021 reports a positive amount of €934 million, showing an increase in comparison with the positive amount of €302 million in 2020.

The amount of the residual tax losses carried forward is equal to €3,914 million of which €3,389 million deriving from accounting items originated in the Income statement and €525 million from Net equity components. Following the sustainability test an additional amount of deferred tax assets limited to €1,164 million can be registered.

Therefore, the amount of deferred tax assets arising from tax losses booked is equal to €1,842 million of which €1,201 million deriving from accounting items originated in the Income statement and €641 million from Net equity components.

The amount of deferred tax assets arising from tax losses not booked is equal to €2,072 million of which (i) €1,728 million (€1,623 million deriving from accounting items originated in the Income statement and €105 million from Net equity components) referred to the Italian tax group perimeter and related to the 24% IRES ordinary tax rate and (ii) €344 million (€329 million deriving from accounting items originated in the Income statement and €15 million from Net equity components) referred to UniCredit S.p.A. and related to the 3.5% IRES additional tax rate.

Current IRAP tax accrual shows a positive tax base. IRAP due is equal to €36 million.

The "ACE" ("Aiuto alla crescita economica") benefit for 2021 is currently estimated in €38 million. Following the interviews that took place with "Agenzia delle Entrate", in particular for what concerns the anti-avoidance rules on the increase of intra-Group loans, a further benefit of €18 million for the 2020 tax year were obtained. An analogous tax ruling for an amount still to be defined will be presented in 2022 to "Agenzia delle Entrate" also for the year 2021.

During the year 2021, owing to the negative taxable basis for IRES and the availability of tax losses carried forward determining an indefinite postponement of the monetization of the ACE benefit, as provided for by Law Decree 24 June 2014, No.91 (converted with modification by Law 11 August 2014, No.116), a transformation into an IRAP tax credit of the amount of ACE benefit for 2020 for €38 million as already done in the previous years. The residual credit still to be used for IRAP purposes amounts to €177 million.

The IRAP credit will be used over 5 years in equal installments as provided for by the relevant law, with the possibility to carry forward any unused amount upon the fifth year.

The 2020 financial year closed with a loss in the Income statement of €2,732 million; therefore, there were the conditions for carrying out a new transformation of deferred tax assets (DTAs) into tax credits pursuant to Art.2, par.55 of the Law Decree of 29 December 2010 No.225, converted into Law No.10/2011.

The amount of the conversion carried out is equal to €384 million.

The 2021 financial year closed with a profit; therefore, the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits are not verified again.

## Part C - Income statement

For the regime of conversion of DTAs into tax credits, refer to the paragraph “Guarantee fees for DTA conversion” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part C - Consolidated income statement, Section 12 - Administrative expenses - Item 190, which is herewith quoted entirely.

### 19.1 Tax expense (income) relating to profit or loss from continuing operations: breakdown

(€ million)		
INCOME ITEMS/SECTORS	YEAR 2021	YEAR 2020
1. Current taxes (-)	7	67
2. Change of current taxes of previous years (+/-)	12	105
3. Reduction of current taxes for the year (+)	110	111
3.bis Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	850	793
4. Change of deferred tax assets (+/-)	(65)	(784)
5. Change of deferred tax liabilities (+/-)	20	17
6. Tax expenses for the year (-) (-1+/-2+3+3bis+/-4+/-5)	934	309

### 19.2 Reconciliation of theoretical tax charge to actual tax charge

(€ million)		
	YEAR 2021	YEAR 2020
<b>Profit (Loss) before tax from continuing operations (income statement item)</b>	<b>9,432</b>	<b>(3,041)</b>
Theoretical tax rate	27.5%	27.5%
<b>Theoretical computed taxes on income</b>	<b>(2,594)</b>	<b>836</b>
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	2,452	1,042
3. Non-deductible expenses - permanent differences	(270)	(1,277)
4. Different fiscal laws/IRAP	(47)	(11)
a) IRAP (italian companies)	(33)	-
b) Other taxes (foreign companies)	(14)	(11)
5. Previous years and changes in tax rates	111	271
a) Effects on current taxes	161	294
- Tax loss carryforward/unused Tax credit	110	110
- Other effects of previous periods	51	184
b) Effects on deferred taxes	(50)	(23)
- Changes in tax rates	-	-
- New taxes incurred (+) previous taxes revocation (-)	-	-
- True-ups/adjustments of the calculated deferred taxes	(50)	(23)
6. Valuation adjustments and non-recognition of deferred taxes	1,283	(552)
a) Deferred tax assets write-down	(38)	(631)
b) Deferred tax assets recognition	1,321	73
c) Deferred tax assets non-recognition	-	-
d) Deferred tax assets non-recognition according to IAS12.39 and 12.44	-	-
e) Other	-	6
7. Amortisation of goodwill	-	-
8. Non-taxable foreign income	-	-
9. Other differences	(1)	-
<b>Recognised taxes on income</b>	<b>934</b>	<b>309</b>

## Section 20 - Profit (Loss) after tax from discontinued operations - Item 290

No data to be disclosed in this section.

## Part C - Income statement

### Section 21 - Other information

#### Disclosure regarding the transparency of public funding required by article 1, paragraph 125 of the law 124/2017

Pursuant to Art.1, paragraph 125 of law 124/2017, during 2021 UniCredit S.p.A. collected the following public contributions granted by Italian entities:

#### Reduction of the extraordinary contribution pursuant to Art.1, paragraph 235 of Law 232 of 11 December 2016 charged to the management of welfare interventions and pension support

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.49
<b>Total</b>		<b>0.49</b>

#### Contributions for the recruitment/stabilisation of personnel deriving from the application of the CCNL of the Credit in force from time to time

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT S.P.A.	5.41
<b>Total</b>		<b>5.41</b>

#### Contributions for new recruits/stabilisations, introduced by the stability law 2018 (law No.205/2017)

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.72
<b>Total</b>		<b>0.72</b>

#### Article 8 of Legislative Decree 30/9/2005, n.203 converted, with modifications, from the law 2 December 2005, n.248. Compensatory measures for companies that assign the TFR to supplementary pension schemes and/or to the Fund for the payment of the TFR

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	8.37
<b>Total</b>		<b>8.37</b>

#### Result awards decontribution for year 2020 - Decree 50 of 24/4/2017 - article 55; converted into law 96 of 21/6/2017

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	2.81
<b>Total</b>		<b>2.81</b>

#### Ordinary Section of Solidarity Fund - Covid Absence - Decree Law 17 March 2020, n. 18

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	36.02
<b>Total</b>		<b>36.02</b>

#### Contributions to alternation of work-schooling

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.78
<b>Total</b>		<b>0.78</b>

For further information, refer to the National State Aid Register "Transparency".

## Part C - Income statement

### Section 22 - Earnings per share

#### 22.1 and 22.2 Average number of diluted shares and other information

	YEAR 2021	YEAR 2020
Net profit (Loss) (€ million)	10,336	(2,854)
Average number of outstanding shares	2,221,699,263	2,226,668,543
Average number of potential dilutive shares	14,329,935	12,861,551
Average number of diluted shares	2,236,029,199	2,239,530,094
<b>Earnings per share (€)</b>	<b>4.652</b>	<b>(1.282)</b>
<b>Diluted earnings per share (€)</b>	<b>4.623</b>	<b>(1.274)</b>

€30 million has been deducted from the 2021 net profit of €10,366 million due to the disbursements (charged to net equity, which occurred in the first quarter of 2021 and relating to the last payment referring to the results of the year 2019) in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€122 million was added to 2020 net loss).

Net of the average number of treasury shares, considering the shares buyback made during the financial year 2021 (part of them cancelled in October), and of further No.9,675,640 shares held under a contract of usufruct.

## Part D - Other comprehensive income

## Analytical statement of other comprehensive income

ITEMS	YEAR	
	2021	2020
<b>10. Profit (Loss) of the year</b>	<b>10,366,195,750</b>	<b>(2,731,812,286)</b>
<b>Other comprehensive income not reclassified to profit or loss</b>		
20. Equity instruments designated at fair value through other comprehensive income:	91,274,929	(113,710,793)
a) fair value changes	66,536,716	(92,552,518)
b) transfers to other shareholders' equity items	24,738,213	(21,158,275)
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes):	84,727,998	(100,511,628)
a) fair value changes	18,128,938	(159,350,549)
b) transfers to other shareholders' equity items	66,599,060	58,838,921
40. Hedge accounting of equity instruments measured at fair value through other comprehensive income:	-	-
a) fair value change (hedged instrument)	-	-
b) fair value change (hedging instrument)	-	-
50. Property, plant and equipment	24,051,515	11,148,717
60. Intangible assets	-	-
70. Defined benefit plans	10,241,546	(18,777,823)
80. Non-current assets and disposal groups classified as held for sale	(2,464,263)	(256,874)
90. Part of valuation reserves from investments valued at equity method	-	-
100. Tax expenses (income) relating to items not reclassified to profit or loss	127,709,812	34,739,773
<b>Other comprehensive income reclassified to profit or loss</b>		
110. Foreign investments hedging:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Foreign exchange differences:	-	-
a) value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
130. Cash flow hedging:	132,676,634	(107,491,719)
a) fair value changes	132,676,634	(107,491,719)
b) reclassification to profit or loss	-	-
c) other changes	-	-
<i>of which: net position</i>	-	-
140. Hedging instruments (not designated items):	-	-
a) value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
150. Financial assets (different from equity instruments) at fair value through other comprehensive income:	(136,142,230)	251,770,865
a) fair value changes	(49,980,489)	276,887,976
b) reclassification to profit or loss:	(86,726,891)	(19,987,458)
- impairment losses	13,405,327	10,129,007
- gains/losses on disposals	(100,132,218)	(30,116,465)
c) other changes	565,150	(5,129,653)
160. Non-current assets and disposal groups classified as held for sale:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
170. Part of valuation reserves from investments valued at equity method:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss:	-	-
- impairment losses	-	-
- gains/losses on disposals	-	-
c) other changes	-	-
180. Tax expenses (income) relating to items reclassified to profit or loss	16,455,236	(33,811,310)
<b>190. Total other comprehensive income</b>	<b>348,531,177</b>	<b>(76,900,792)</b>
<b>200. Other comprehensive income (Item 10+190)</b>	<b>10,714,726,927</b>	<b>(2,808,713,078)</b>

## Part E - Information on risks and hedging policies

### Introduction

Reference is made to the paragraph “Introduction” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, which is herewith quoted entirely.

### Section 1 - Credit risk

#### Qualitative information

##### 1. General aspects

###### **Credit policies**

Reference is made to the paragraph “1. General aspects - Credit policies” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, which is herewith quoted entirely.

###### **Credit strategies**

Reference is made to the paragraph “1. General aspects - Credit strategies” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

###### **Effects arising from Covid-19 pandemic**

Reference is made to the paragraph “1. General Aspects - Effects arising from Covid-19 pandemic” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

##### 2. Credit risk management policies

###### 2.1 Organisational aspects

In credit risk management, the organisational structure as at 31 December 2021, envisages specific structures and responsibilities at Group and local level. Regarding the Organisational model of the Parent company functions, reference is made to the paragraph “2.1 Organisational aspects” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

With specific reference to the Italian perimeter of UniCredit S.p.A., the “Risk Italy” function is responsible for credit risk and non-financial risk oversight: it coordinates and manages the activities of competence regarding the credit granting, credit monitoring, restructuring and workout activities, it is also responsible for analysing and monitoring the riskiness and overall credit quality of the Italian loan portfolio, identifying anomalies in relation to expectations and identifying corrective actions, as well as for the definition and monitoring of the credit strategies both for performing and non-performing loans; it is also in charge of the definition of credit operating rules and policies, consistently with standards defined by Group Risk Management structures, as well as for the identification, management and monitoring of operational risks, supporting the related business functions. The structure is also responsible for the managerial coordination of the credit activities of UniCredit S.p.A. Italian Legal Entities.

The organisational units under “Risk Italy” are the following:

- the “Credit Risk Framework & Rules Italy” structure whose responsibilities include the following activities:
  - designing and maintaining credit processes considering Business and Risk needs, regulatory requirements (requirements definition and user acceptance);
  - definition of relevant credit operating rules and policies, consistent with the strategic guidelines, credit policies and standards/methods defined by the dedicated Group Risk Management structures, collaborating with Business structures;
  - guiding the transformation of lending processes through the prioritization and coordination of dedicated projects and initiatives, including related ICT investments and relevant functions.

The structure consists of the following units:

- “Managerial Models & Credit Engines”;
- “Origination Individuals Credit Framework”;
- “Origination Enterprises & Cib Credit Framework”;
- “Credit Administration Framework”;
- “Monitoring & Npe Framework”;
- “Credit Products & Policies”;
- the “Credit Risk Management Italy” structure whose responsibilities include the following activities for the Italian perimeter:
  - providing Top Management with a current view of credit risk;



## Part E - Information on risks and hedging policies

- definition and monitoring process of credit strategies (both for performing and non-performing loans), the monitoring, on a periodic basis, of the overall credit portfolio;
- the AQ planning, the provisions, the RWAs and the capital absorption for performing and non-performing loans;
- periodical analysis production in order to give to the Top Management a credit risk profile view;
- defining the provisioning methodology and the framework of second-level controls on UniCredit S.p.A.'s portfolio of Performing and Non-Performing loans, as well as carrying out such controls on the perimeter of competence.

The structure consists of the following units:

- "Credit Risk Strategies & Planning Italy";
- "Credit Risk Portfolio Analytics Italy";
- "Credit Risk Control Italy";
- the "Non-Financial Risk Italy" structure whose responsibilities include the following activities for the Italian perimeter of UniCredit S.p.A.:
  - identification, management and monitoring of operational risks, also by executing specific risk assessment activities (e.g., on relevant transactions);
  - identifying, assessing and monitoring the most relevant ICT and Cyber Risks areas in coherence with Group ICT and Cyber Risk framework.
- the "Credit Underwriting" structure whose responsibilities include the following activities:
  - coordinating the activities of 8 Regional Industry Team;
  - RIT decision-making activities;
  - managing the lending to UniCredit S.p.A. customers;
  - coordinating and managing the lending to UniCredit S.p.A. customers in relation to Consumer and Mortgage non-banking products and post-sales phases;
  - preliminary and administrative activities for transactions to be submitted to the Italy Transactional Credit Committee (ITCC).

The structure consists of the following units:

- "Credit Committee Secretariat";
- "Central Credit Risk Underwriting Italy";
- "Individuals Credit Underwriting Italy";
- "Territorial Credit Risk Underwriting Italy" composed by 7 territorial Credit Hubs;
- the "Credit Monitoring" structure whose responsibilities include the following activities:
  - ensure the quality of the loan portfolio through performance monitoring of the positions, risk analysis and identification of corrective measures;
  - support the Business functions in monitoring the credit portfolio of the territorial areas, analysing the performance and implementing the corrective measures required.

The structure consists of the following functions:

- "Credit Monitoring Operations & Support";
- "Central Credit Monitoring";
- "Territorial Credit Monitoring" composed by 7 Territorial Monitoring Hubs;
- "Individuals Credit Monitoring & Retail classification";
- "Customer Recovery";
- the "Npe Operational Management Italy" responsible for coordinating and managing the restructuring and workout files of UniCredit S.p.A. related to the non-performing portfolio. The structure consists of the following functions:
  - "Non Core Risk Analysis & Operations";
  - "Non Core Restructuring Italy";
  - "Non Core Special Credit";
  - "Restructuring Italy";
  - "Risk Analysis & Operations";
  - "Special Credit";
- in addition, with respect to credit risk, specific committee has been set up: the "Italy Transactional Credit Committee", which is responsible, within its assigned sub-delegated powers, to evaluate and approve the underwriting and the review of the credit lines and to evaluate and approve the loan loss provisions, asset value adjustments and releases of capital and/or capitalised interests related to performing and non-performing portfolio of UniCredit S.p.A., with the exclusion of Banks, Financial Institutions and Sovereign(FIBS), as well as of the "Investment Banking" segment.

### 2.2 Credit risk management, measurement and control

#### 2.2.1 Credit risk management

Reference is made to the paragraph "2.2.1 Credit risk management" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement and control, which is herewith quoted entirely.

## Part E - Information on risks and hedging policies

### 2.2.2 Risk parameters

Reference is made to the paragraph “2.2.2 Risk parameters” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement and control, which is herewith quoted entirely.

### 2.2.3 Rating systems

Reference is made to the paragraph “2.2.3 Rating systems” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement and control, which is herewith quoted entirely.

### 2.2.4 Stress Test

Reference is made to the paragraph “2.2.4 Stress test” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement and control, which is herewith quoted entirely.

## 2.3 Measurement methods for expected losses

### *Risk management practices*

#### 2.3.1 Staging allocation and Expected Credit Losses calculation

Reference is made to the paragraph “2.3.1 Staging allocation and Expected Credit Losses calculation” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

#### 2.3.2 Non-performing exposures

Reference is made to the paragraph “2.3.2 Measurement methods for expected losses - Non-performing exposures” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

#### 2.3.3 Selling scenarios

Reference is made to the paragraph “2.3.3 Measurement methods for expected losses - Selling scenario” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

#### 2.3.4 Scenarios and Sensitivity

Reference is made to the paragraph “2.3.4 Scenarios and Sensitivity” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

#### 2.3.5 Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)

Reference is made to the paragraph “2.3.5 Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

## 2.4 Credit risk mitigation technique

Reference is made to the paragraph “2.4 Credit risk mitigation technique” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

## 3. Non-performing credit exposures

### 3.1 Management strategies and policies

In order to ensure a homogeneous approach in the classification of credit exposures for regulatory and reporting purposes, UniCredit has defined guidelines at Group level for the classification of non-performing exposures that refer to the principles reported in the Implementing Technical Standards issued by the Authority European Banking in 2014.

## Part E - Information on risks and hedging policies

This definition of non-performing exposures complements the definition of “default” exposures, disciplined by EBA Guidelines on default definition in line with article 178 of Regulation (EU) 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) in force since 1 January 2021, and “impaired” exposures defined by IFRS9 Accounting Standards. A substantial alignment within the Group has been pursued between the three definitions, providing the Supervisory Authorities with a harmonized view of these concepts and strengthening the tools available to the Authorities for assessing the asset quality.

The default classification criteria in force since 1 January 2021 include, among the main aspects, harmonized thresholds at European level for past due materiality and additional Unlikely to Pay triggers further regulated by EBA/GL/2016/07 with respect to the high-level provisions of article 178 of Regulation (EU) 575/2013. In this regard, it is highlighted the Distressed Restructuring for credit obligation object of concession, where a maximum threshold for decreasing the Net Present Value of 1% has been set, as well as specific requirements on the contagion effects of default in the case of connected customers (mainly, groups of companies, joint headings between individuals and links between individuals and companies with unlimited liability). In addition, a mandatory minimum probation period before returning to the non-defaulted status has been defined.

Furthermore, in accordance with the provisions of Banca d'Italia in Circular 272/2008, non-performing credit exposures must be classified in one of the following risk classes:

- past-due and/or overdue exposures: problematic exposures that are more than 90 days past due on any material obligation (the latter assessed in line with article 178 (2d) of EU Regulation No.575/2013 and the Technical Standards of the EBA);
- unlikely to pay: the classification in this category is the result of the judgment of the bank about the unlikelihood, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any (or rate) past due and unpaid amount;
- bad loans: exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank.

According to the Group rules, all debtors in the bank's portfolio must be mapped in the classes defined by Banca d'Italia, regardless of local reporting which has to be performed according to local accounting standards and/or local supervisory regulations or instructions.

These classification rules are further integrated by accounting principles defined in IFRS9, according to which credit exposures must be allocated in three “stages” (for details see section “Expected loss measurement method” - Section 2). With regard to non-performing exposures, the allocation to “Stage 3” occurs when the customer's status changes into “non-performing”. This is a classification at counterparty level and not at transaction level based on specific regulations on the classification of non-performing exposures.

In accordance with article 156 EBA ITS, an exposure must remain classified as non-performing as long as the following criteria (exit criteria) are not met simultaneously:

- the situation of the debtor has improved to the extent that full repayment of the original due amount is likely to be made;
- the debtor does not have any amount past-due by more than 90 days.

Specific exit criteria must be applied in case the forbearance measures are extended to non-performing exposures, listed below:

- the starting date of the observation period of one year is the latest between the adoption of Forbearance measures and the classification as non-performing;
- any past due amount is verified if no past due occurs at debtor level;
- concerns regarding the “full repayment” refer to a judgmental evaluation by the empowered Bodies.

In the non-performing credit exposures management, UniCredit S.p.A. adopts certain strategies that operationally define the activities necessary to achieve the targets defined yearly.

The aforementioned strategies concerning impaired loans include:

- an effective internal restructuring activity, supported by qualified resources with specific skills dedicated to the management of loans classified as unlikely to pay; within these activities, ad-hoc approaches are then envisaged for positions considered strategic or referring to the Corporate and Real Estate segment;
- proactive portfolio management through judicial and extra-judicial procedures managed by internal Workout professionals or assigned to external agencies specialised in credit recovery;
- the recourse of alternative recovery strategies (which UniCredit was one of the first banks to use) based on formalised partnerships aimed at managing positions in the industrial or Real Estate sector;
- disposal of impaired loans as a further strategy for internal recovery both for individual positions and for portfolios of impaired loans, already classified as bad loans and unlikely to pay.

## Part E - Information on risks and hedging policies

These strategies reflect the main levers for reducing the amount of impaired loans and have led to an important result during 2021, highlighting:

- write-off for €1,477 million;
- recoveries for €1,555 million;
- disposals for €3,416 million.

The decrease amount of the stock of impaired loans to Bank's customers was therefore in line with the reduction targets set within the new strategic plan "UniCredit Unlocked". This result was possible thanks also to the reduction of the "Non Core" portfolio, whose rundown was completed by 2021, thanks to the activation of a coordinated set of levers aimed at reducing the stock.

Regarding the management strategies and policies in force for the UniCredit group reference is made to the paragraph "3.1 Management strategies and policies" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 3. Non-performing credit exposures, which is herewith quoted entirely.

### 3.2 Write-off

UniCredit group guidelines for write-offs on financial assets provides that whenever a loan is deemed to be uncollectable/unrecoverable it needs to be identified at the earliest possible opportunity and properly dealt with in accordance with financial regulations. Write-offs can relate to a financial asset in its entirety, or to a portion of it.

In assessing the recoverability of Non-Performing Exposures (NPE) and in determining internal NPE write-off approaches, the following cases, in particular, are taken into account:

- exposures with prolonged arrears: it is assessed the recoverability of an exposure that presents arrears for a prolonged period of time. If, following this assessment, an exposure or part of an exposure is deemed as non-recoverable, it should be written-off in a timely manner, adopting different thresholds predefined on the basis of the different portfolios;
- exposures under insolvency procedure: where the collateralisation of the exposure is low, legal expenses often absorb a significant portion of the proceeds from the bankruptcy procedure and therefore estimated recoveries are expected to be very low;
- a partial write-off may be warranted where there are reasonable elements to demonstrate the debtor's inability to repay the full amount of the debt, i.e. a significant level of debt, even following the implementation of a forbearance treatment and/or the execution of collateral.

Below a non-exhaustive list of hard evidences implying, with high likelihood, the not recoverability of the exposure, to be assessed, for the potential (total or partial) write-off:

- the Bank cannot call the guarantor(s), or his assets are not sufficient for the recovery of the debtor's exposures;
- negative outcome of the judicial and/or out-of-court initiatives with absence of other assets that can be called in the event of un-recoverability of the debtor's exposures;
- impossibility to initiate actions to recover credit;
- current insolvency procedure, from which the procedure itself states that the unsecured exposures will not have redress;
- loans not backed by mortgage security older than 3 years that have not registered repayments/collections during the first 3 years after the NPE classification;
- mortgage loans to private individuals with collaterals already executed or not recoverable (because of legal or administrative defects and if execution is considered not economically viable), if they have been classified as non-performing for more than 7 years, or between 2 and 7 years if the residual debt is less than €110,000.

Specifically, for UniCredit S.p.A. perimeter, write-offs on financial assets still subject to an enforcement procedure amount to €2,125 million as at 31 December 2021, of which partial write-offs amount to €1,724 million and total write-offs amount to €401 million. The amount of write-offs (both partial and total) related to the 2021 financial year is €688 million. 2021 write-offs cannot be compared with write-offs amount reported in gross changes in non-performing exposures, because the latter includes "debt forgiveness".

### 3.3 Acquired or originated impaired financial assets

Reference is made to the paragraph "3.3 Acquired or originated impaired financial assets" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 3. Non-performing credit exposures, which is herewith quoted entirely.

### 4. Financial assets subject to commercial renegotiations and forbore exposures

Changes in existing financial instruments which determine a modification of contractual conditions might be the result of either:

- commercial initiatives, which may be specific for each customer or applied to portfolio of customers also as a result of dedicated initiatives sponsored by public authorities or banking associations, or
- concessions granted in light of debtor's financial difficulties (Forbearance).

## Part E - Information on risks and hedging policies

Such changes are accounted on the basis of whether the modification is considered significant or not. In this regard, reference is made to the Part A - Accounting policies, A.2 - Main items of the accounts.

The concessions granted due to debtor's financial difficulties, so-called Forbearance initiatives, are usually considered not significant from an accounting perspective.

### 4.1 Loan categorisation in the risk categories and forborne exposures

Reference is made to the paragraph "4.1 Loan categorization in the risk categories and forborne exposures" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 4. Financial assets subject to commercial renegotiations and forborne exposures, which is herewith quoted entirely.

### Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is equivalent to the one for non-performing exposures referred to in the EBA standards.

#### A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds.

#### A.1 Non-performing and performing credit exposure: amounts, write-downs, changes, distribution by business activity

##### A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

(€ million)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets at amortised cost	482	2,967	322	3,002	261,048	267,821
2. Financial assets at fair value through other comprehensive income	-	-	-	-	35,256	35,256
3. Financial assets designated at fair value	-	-	-	-	119	119
4. Other financial assets mandatorily at fair value	-	33	-	-	3,476	3,509
5. Financial instruments classified as held for sale	31	52	-	-	1,429	1,512
<b>Total 12.31.2021</b>	<b>513</b>	<b>3,052</b>	<b>322</b>	<b>3,002</b>	<b>301,328</b>	<b>308,217</b>
<b>Total 12.31.2020</b>	<b>629</b>	<b>3,027</b>	<b>252</b>	<b>3,504</b>	<b>305,953</b>	<b>313,365</b>

##### A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(€ million)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	
1. Financial assets at amortised cost	8,650	4,879	3,771	1,538	266,415	2,365	264,050	267,821
2. Financial assets at fair value through other comprehensive income	2	2	-	-	35,308	52	35,256	35,256
3. Financial assets designated at fair value	-	-	-	-	X	X	119	119
4. Other financial assets mandatorily at fair value	113	80	33	43	X	X	3,476	3,509
5. Financial instruments classified as held for sale	309	226	83	143	1,447	18	1,429	1,512
<b>Total 12.31.2021</b>	<b>9,074</b>	<b>5,187</b>	<b>3,887</b>	<b>1,724</b>	<b>303,170</b>	<b>2,435</b>	<b>304,330</b>	<b>308,217</b>
<b>Total 12.31.2020</b>	<b>12,329</b>	<b>8,421</b>	<b>3,908</b>	<b>1,727</b>	<b>309,330</b>	<b>2,215</b>	<b>309,457</b>	<b>313,365</b>

Note:

(\*) Value shown for information purposes.

The reduction in impaired credit exposures is mainly due to the actions aimed to complete the "rundown" of the "Non Core" portfolio, as defined in the 2016-2019 Strategic Plan (Transform 2019), confirmed and strengthened with the 2020-2023 Strategic Plan (Team 23).

## Part E - Information on risks and hedging policies

### Olympia transaction

"Olympia transaction" (hereinafter also "Olympia") is part of the plan of disposal of the assets belonging to the "Non Core" perimeter belonging to the UniCredit group through a market operation. It relates to a set of credit exposures owned by UniCredit S.p.A., classified as Bad loans which, as at 31 October 2021 (cut-off date), amounted to €1.6 billion in terms of gross book value (€2.1 billion in terms of credit claims), also defined below as the "Portfolio".

Olympia consists of an overall transaction, approved by the Group Financial and Credit Risk Committee on 5 November 2021, realised by 2 phases of process:

- **PHASE 1: securitisation of receivables (Bad loans)** originated by UniCredit S.p.A. (the "Securitization").  
On 11 November 2021 the legal transfer of the loan Portfolio from UniCredit S.p.A. (Originator) to Olympia SPV S.r.l. (Assignee) occurred at a price equal to €290 million, subsequently settled on 25 November 2021 through the full subscription by UniCredit S.p.A. of all Asset Backed Securities (named also ABS or Note) (Senior Notes for €261 million, Mezzanine for €26.1 million and Junior for €2.9 million) issued on the same date by Olympia SPV S.r.l. UniCredit S.p.A. is not involved in any role associated with the recovery or management of collections of securitised receivables as Servicer or Master Servicer or other similar roles within the Securitization transaction, nor has any control over the recovery process on the basis of the contracts in place. Within the transaction, a liquidity line granted to Olympia SPV S.r.l. by UniCredit Bank AG is envisaged for an amount of €26 million (qualified as "super-senior" in the Securitization waterfall of payments), to fund upfront and on-going running costs and cover potential maturity mismatches between the payment dates of these costs and cash flows arising from the collections of the loans.
- **PHASE 2: partial sale by UniCredit S.p.A. of the Mezzanine and Junior Notes** to third parties investors not belonging to the UniCredit group.  
Following a placement process supported by UniCredit Bank AG as Placement Agent, on 29 November 2021 UniCredit S.p.A. accepted a Binding Offer from third parties not belonging to UniCredit group for the purchase of 95% of Notes Mezzanine and Junior (€27.6 million out of the total of €29 million) at a total price of approximately €9.5 million. Consequently, on 9 December 2021, the sale of 95% of the Mezzanine and Junior Notes to the investors was finalised.

The sale of 95% of the Mezzanine and Junior Securities created the fundamental and substantial conditions for the accounting derecognition (pursuant to the international accounting standards in force) from the UniCredit S.p.A. Balance sheet of the receivables included in the Portfolio of bad loans securitized with Olympia transaction. Indeed, UniCredit S.p.A. has transferred to third parties (outside UniCredit group) the risks and benefits underlying the loan Portfolio subject to sale, since it has substantially replaced a Portfolio of impaired credit exposures (bad loans) booked for a gross book value of €1.6 billion with an exposure in Senior Notes (nominal €261 million) with "investment grade" rating, maintaining a residual exposure (5%) in the Mezzanine Tranche (nominal €1.3 million) and Junior (nominal €0.14 million). It is therefore possible to state that after the sale of 95% of the Mezzanine and Junior Notes (i) the Bank is no longer significantly exposed to the variability of the future cash flows of the loan Portfolio, and (ii) the underlying risks/rewards on securitized loans are no longer substantially retained by UniCredit S.p.A. but by third party (outside the UniCredit group) subscribers of the Mezzanine and Junior tranches and (iii) the Bank has neither control over the portfolio nor power to govern the relevant activities of Olympia SPV S.r.l. as it is not Servicer or Master Servicer. The liquidity line granted to Olympia SPV S.r.l. by UniCredit Bank AG does not change the result of the analysis on exposure to variability and risks/rewards since the repayment of the exposure deriving from the use of this line by the Vehicle is "super-senior" to the Senior Tranche.

Consequently, UniCredit, both in the 2021 Individual and Consolidated Financial Statements, proceeded to:

- derecognise the receivables belonging to the loan Portfolio relating to Olympia Transaction,
- recognise the ABS (100% of Senior Note; 5% of Mezzanine and Junior Notes), which have been classified in the categories envisaged by IFRS9 considering their characteristics.

As at 31 December 2021, the Senior Note is classified in item "30. Financial asset at fair value through other comprehensive income" for an amount of €261 million, while Mezzanine and Junior Note are classified in item "20. Financial assets at fair value through profit or loss" for an amount of €0.5 million and zero million respectively.

For more details related to the evaluation of the credit exposure refer to paragraph "Aspects relating to the valuation of credit exposures as at 31 December 2021" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 1 - Risks of the accounting consolidated perimeter, which, for what relates specifically to UniCredit S.p.A., is herewith quoted entirely.

(€ million)			
PORTFOLIOS/QUALITY	ASSETS OF EVIDENT LOW CREDIT QUALITY		OTHER ASSETS
	CUMULATED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	34	42	13,897
2. Hedging derivatives	-	-	4,362
<b>Total 12.31.2021</b>	<b>34</b>	<b>42</b>	<b>18,259</b>
<b>Total 12.31.2020</b>	<b>44</b>	<b>64</b>	<b>17,306</b>



## Part E - Information on risks and hedging policies

## A.1.3 Breakdown of financial assets by past-due buckets (carrying value)

(€ million)

PORTFOLIOS/RISK STAGES	STAGE 1			STAGE 2			STAGE 3			PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
	OVER 30 AND UP TO 90 DAYS			OVER 30 AND UP TO 90 DAYS			OVER 30 AND UP TO 90 DAYS			OVER 30 AND UP TO 90 DAYS		
	FROM 1 TO 30 DAYS	FROM 31 TO 60 DAYS	FROM 61 TO 90 DAYS	FROM 1 TO 30 DAYS	FROM 31 TO 60 DAYS	FROM 61 TO 90 DAYS	FROM 1 TO 30 DAYS	FROM 31 TO 60 DAYS	FROM 61 TO 90 DAYS	FROM 1 TO 30 DAYS	FROM 31 TO 60 DAYS	FROM 61 TO 90 DAYS
1. Financial assets at amortised cost	1,328	34	15	1,377	174	74	2,430	144	1,197	-	-	1
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial instruments classified as held for sale	-	-	-	-	-	-	35	-	49	-	-	-
<b>Total 12.31.2021</b>	<b>1,328</b>	<b>34</b>	<b>15</b>	<b>1,377</b>	<b>174</b>	<b>74</b>	<b>2,465</b>	<b>144</b>	<b>1,246</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total 12.31.2020</b>	<b>2,075</b>	<b>56</b>	<b>33</b>	<b>716</b>	<b>355</b>	<b>269</b>	<b>1,987</b>	<b>76</b>	<b>1,785</b>	<b>-</b>	<b>-</b>	<b>1</b>

## A.1.4 Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS											
	FINANCIAL ASSETS CLASSIFIED IN STAGE 1						FINANCIAL ASSETS CLASSIFIED IN STAGE 2					
	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT
<b>Opening balance (gross amount)</b>	-	701	39	-	-	740	-	1,476	-	-	-	1,476
Increases in acquired or originated financial assets	-	104	-	-	-	104	-	161	-	-	-	161
Reversals different from write-offs	-	(142)	(2)	-	-	(144)	-	(172)	-	-	-	(172)
Net losses/recoveries on credit impairment	-	(253)	14	-	-	(239)	-	490	-	18	-	508
Contractual changes without cancellation	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	1	1	1	7	3	7	-	(1)	-	(7)	-	(8)
<b>Closing balance (gross amount)</b>	<b>1</b>	<b>411</b>	<b>52</b>	<b>7</b>	<b>3</b>	<b>468</b>	<b>-</b>	<b>1,954</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>1,965</b>
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-off are not recognised directly in profit or loss	-	(22)	-	-	-	(22)	-	-	-	-	-	-



## Part E - Information on risks and hedging policies

continued: A.1.4 Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

OVERALL WRITE-DOWNS											
SOURCES/RISK STAGES	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	ASSETS BELONGING TO THIRD STAGE					PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS				
		FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT
Opening balance (gross amount)	-	7,809	1	501	5,795	2,516	6	-	-	2	3
Increases in acquired or originated financial assets	-	222	1	-	179	43	-	-	-	-	-
Reversals different from write-offs	-	(2,437)	-	(2,266)	(980)	(3,723)	(2)	-	(3)	-	(5)
Net losses/recoveries on credit impairment	-	526	-	(59)	(276)	743	-	-	-	-	-
Contractual changes without cancellation	-	3	-	-	3	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	(1,316)	-	(1)	(938)	(379)	-	-	-	-	-
Other changes	-	69	-	2,051	(597)	2,716	-	-	3	(1)	5
Closing balance (gross amount)	-	4,876	2	226	3,186	1,916	4	-	-	1	3
Recoveries from financial assets subject to write-off	-	38	-	-	6	32	-	-	-	-	-
Write-off are not recognised directly in profit or loss	-	(110)	-	(6)	(64)	(52)	(1)	-	-	(1)	-

continued: A.1.4 Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS				TOTAL
	TOTAL PROVISIONS ON LOANS COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	COMMITMENTS FUNDS AND FINANCIAL GUARANTEES PURCHASED OR ORIGINATED CREDIT-IMPAIRED	
Opening balance (gross amount)	56	55	331	-	10,975
Increases in acquired or originated financial assets	25	20	32	-	565
Reversals different from write-offs	-	-	-	-	(5,024)
Net losses/recoveries on credit impairment	(28)	(6)	(66)	-	636
Contractual changes without cancellation	-	-	-	-	3
Changes in estimation methodology	-	-	-	-	-
Write-off	-	-	-	-	(1,317)
Other changes	-	-	-	-	2,125
Closing balance (gross amount)	53	69	297	-	7,963
Recoveries from financial assets subject to write-off	-	-	-	-	38
Write-off are not recognised directly in profit or loss	-	-	-	-	(139)

## Part E - Information on risks and hedging policies

## A.1.5 Financial assets, loan commitments and financial guarantees given: transfers between risk stages (gross values and nominal values)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES/NOMINAL VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
1. Financial assets at amortised cost	27,562	3,788	2,081	604	679	17
2. Financial assets at fair value through other comprehensive income	44	-	-	-	-	-
3. Financial instruments classified as held for sale	11	-	-	-	-	-
4. Loan commitments and financial guarantees given	11,780	1,308	80	7	73	119
<b>Total 12.31.2021</b>	<b>39,397</b>	<b>5,096</b>	<b>2,161</b>	<b>611</b>	<b>752</b>	<b>136</b>
<b>Total 12.31.2020</b>	<b>27,560</b>	<b>3,228</b>	<b>1,436</b>	<b>188</b>	<b>1,180</b>	<b>72</b>

## A.1.5a Other loans and advances subject to Covid-19 measures: transfers between impairment stages (gross value)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
<b>A. Financial assets at amortised cost</b>	<b>6,457</b>	<b>1,761</b>	<b>679</b>	<b>24</b>	<b>116</b>	<b>3</b>
A.1 EBA-compliant moratoria loans and advances	5	1	1	-	-	-
A.2 Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	668	4	32	1	3	-
A.3 Loans and advances with other forbearance measures	764	-	570	20	36	-
A.4 Newly originated loans and advances	5,020	1,756	76	3	77	3
<b>B. Financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 EBA-compliant moratoria loans and advances	-	-	-	-	-	-
B.2 Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	-	-	-	-	-	-
B.3 Loans and advances with other forbearance measures	-	-	-	-	-	-
B.4 Newly originated loans and advances	-	-	-	-	-	-
<b>Total 12.31.2021</b>	<b>6,457</b>	<b>1,761</b>	<b>679</b>	<b>24</b>	<b>116</b>	<b>3</b>
<b>Total 12.31.2020</b>	<b>10,488</b>	<b>372</b>	<b>90</b>	<b>14</b>	<b>72</b>	<b>2</b>

## Part E - Information on risks and hedging policies

## A.1.6 On- and off-balance sheet credit exposures with banks: gross and net values

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT					12.31.2021					NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
	GROSS EXPOSURE				PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	OVERALL WRITE-DOWNS AND PROVISIONS				PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
	STAGE 1	STAGE 2	STAGE 3			STAGE 1	STAGE 2	STAGE 3				
A. On-balance sheet credit exposures												
A.1 On Demand	71,518	71,239	279	-	-	1	1	-	-	-	71,517	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	71,518	71,239	279	X	-	1	1	-	X	-	71,517	-
A.2 Other	42,376	37,758	1,560	4	-	13	7	1	4	-	42,363	-
a) Bad exposures	4	X	-	4	-	4	X	-	4	-	-	-
of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due	-	-	-	X	-	-	-	-	X	-	-	-
of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	42,372	37,758	1,560	X	-	9	7	1	X	-	42,363	-
of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	113,894	108,997	1,839	4	-	14	8	1	4	-	113,880	-
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	36,902	5,533	970	X	-	5	3	2	X	-	36,897	-
Total (B)	36,902	5,533	970	-	-	5	3	2	-	-	36,897	-
Total (A+B)	150,796	114,530	2,809	4	-	19	11	3	4	-	150,777	-

Note:

(\*) Value shown for information purposes.

On-balance sheet exposures to banks include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortised cost, assets at fair value through other comprehensive income, current accounts and demand deposits with banks and central banks and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss. Off-balance sheet exposures to banks comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.

## Part E - Information on risks and hedging policies

## A.1.7 On- and off-balance sheet credit exposures with customers: gross and net values

(€ million)

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT 12.31.2021											
	GROSS EXPOSURE				OVERALL WRITE-DOWNS AND PROVISIONS					NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)	
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS				
A. On-balance sheet credit exposures												
a) Bad exposures	2,366	X	-	2,361	5	1,852	X	-	1,848	4	514	1,475
of which: forbore exposures	574	X	-	574	-	402	X	-	402	-	172	396
b) Unlikely to pay	6,194	X	-	6,080	-	3,141	X	-	3,061	-	3,053	249
of which: forbore exposures	4,238	X	-	4,207	-	2,099	X	-	2,078	-	2,139	208
c) Non-performing past due	513	X	-	513	-	191	X	-	191	-	322	-
of which: forbore exposures	8	X	-	8	-	2	X	-	2	-	6	-
d) Performing past due	3,223	1,392	1,831	X	-	221	14	206	X	-	3,002	-
of which: forbore exposures	275	-	275	X	-	51	-	51	X	-	224	-
e) Other performing exposures	266,346	216,450	44,178	X	-	2,206	448	1,757	X	-	264,140	-
of which: forbore exposures	4,497	-	4,487	X	-	554	-	554	X	-	3,943	-
Total (A)	278,642	217,842	46,009	8,954	5	7,611	462	1,963	5,100	4	271,031	1,724
B. Off-balance sheet credit exposures												
a) Non-performing	1,497	X	-	757	-	297	X	-	297	-	1,200	-
b) Performing	149,919	43,797	14,519	X	-	117	50	67	X	-	149,802	-
Total (B)	151,416	43,797	14,519	757	-	414	50	67	297	-	151,002	-
Total (A+B)	430,058	261,639	60,528	9,711	5	8,025	512	2,030	5,397	4	422,033	1,724

Note:

(\*) Value shown for information purposes.

On-balance sheet exposures to customers include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortized cost, assets at fair value through other comprehensive income and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss.

Off-balance sheet exposures to banks comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.

## Part E - Information on risks and hedging policies

## A.1.7a Other loans and advances subject to Covid-19 measures: gross and net value

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT 12.31.2021									
	GROSS EXPOSURE					OVERALL WRITE-DOWNS				
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	NET EXPOSURE
<b>A. Bad loans</b>	1	-	-	1	-	-	-	-	-	1
a) EBA-compliant moratoria loans and advances	-	-	-	-	-	-	-	-	-	-
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	-	-	-	-	-	-	-	-	-	-
c) Loans and advances with other forbearance measures	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances	1	-	-	1	-	-	-	-	-	1
<b>B. Unlikely to pay loans</b>	887	-	-	887	-	305	-	-	305	582
a) EBA-compliant moratoria loans and advances	2	-	-	2	-	1	-	-	1	1
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	53	-	-	53	-	27	-	-	27	26
c) Loans and advances with other forbearance measures	681	-	-	681	-	222	-	-	222	459
d) Newly originated loans and advances	151	-	-	151	-	55	-	-	55	96
<b>C. Non-performing past due loans</b>	19	-	-	19	-	2	-	-	2	17
a) EBA-compliant moratoria loans and advances	-	-	-	-	-	-	-	-	-	-
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	1	-	-	1	-	1	-	-	1	-
c) Loans and advances with other forbearance measures	1	-	-	1	-	-	-	-	-	1
d) Newly originated loans and advances	17	-	-	17	-	1	-	-	1	16
<b>D. Performing past due loans</b>	226	55	171	-	-	11	-	10	-	215
a) EBA-compliant moratoria loans and advances	13	-	13	-	-	2	-	2	-	11
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	16	1	15	-	-	2	-	2	-	14
c) Loans and advances with other forbearance measures	44	-	44	-	-	5	-	5	-	39
d) Newly originated loans and advances	153	54	99	-	-	2	-	1	-	151
<b>E. Other performing exposures</b>	26,425	15,023	11,395	-	-	353	17	334	-	26,072
a) EBA-compliant moratoria loans and advances	104	35	68	-	-	4	-	3	-	100
b) Under moratorium no longer compliant to the GL requirements and not valued as forborne exposure	1,964	173	1,790	-	-	106	1	104	-	1,858
c) Loans and advances with other forbearance measures	2,348	-	2,343	-	-	179	-	179	-	2,169
d) Newly originated loans and advances	22,009	14,815	7,194	-	-	64	16	48	-	21,945

For further details refer to the table "A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information.

## Part E - Information on risks and hedging policies

## A.1.8 On-balance sheet exposures with banks: changes in gross non-performing exposures

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
<b>A. Opening balance (gross amount)</b>	-	6	-
<i>of which sold non-cancelled exposures</i>	-	-	-
<b>B. Increases</b>	4	-	-
B.1 Transfers from performing loans	-	-	-
B.2 Transfers from acquired or originated impaired financial assets	-	-	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfers from other categories of non-performing exposures	4	-	-
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	-	-	-
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Reductions</b>	-	6	-
C.1 Transfers to performing loans	-	-	-
C.2 Write-offs	-	-	-
C.3 Collections	-	2	-
C.4 Sale proceeds	-	-	-
C.5 Losses on disposal	-	-	-
C.6 Transfers to other non-performing exposures	-	4	-
C.7 Contractual changes with no cancellations	-	-	-
C.8 Other decreases	-	-	-
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	4	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-

## A.1.8bis Regulatory consolidation - On-balance sheet exposures with banks: changes by credit quality in gross forborne exposures

(€ million)

SOURCES/QUALITY	CHANGES IN 2021	
	FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
<b>A. Opening balance (gross amount)</b>	2	-
<i>of which sold non-cancelled exposures</i>	-	-
<b>B. Increases</b>	-	-
B.1 Transfers from performing non-forborne exposures	-	-
B.2 Transfers from performing forborne exposures	-	X
B.3 Transfers from non-performing forborne exposures	X	-
<i>of which: business combinations</i>	X	-
B.4 Other increases	-	-
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	2	-
C.1 Transfers to performing non-forborne exposures	X	-
C.2 Transfers to performing forborne exposures	-	X
C.3 Transfers to non-performing forborne exposures	X	-
C.4 Write-offs	-	-
C.5 Collections	2	-
C.6 Sale proceeds	-	-
C.7 Losses from disposal	-	-
C.8 Other reductions	-	-
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	-	-
<i>of which sold non-cancelled exposures</i>	-	-

## Part E - Information on risks and hedging policies

## A.1.9 On-balance sheet credit exposures with customers: changes in gross non-performing exposures

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
<b>A. Opening balance (gross amount)</b>	<b>4,432</b>	<b>7,490</b>	<b>402</b>
<i>of which sold non-cancelled exposures</i>	479	1,351	7
<b>B. Increases</b>	<b>1,559</b>	<b>3,202</b>	<b>563</b>
B.1 Transfer from performing loans	161	2,361	499
B.2 Transfer from acquired or originated impaired financial assets	-	1	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfer from other non-performing exposures	1,190	102	14
B.4 Contractual changes with no cancellations	-	1	-
B.5 Other increases	208	737	50
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Decreases</b>	<b>3,625</b>	<b>4,498</b>	<b>452</b>
C.1 Transfers to performing loans	41	631	43
C.2 Write-offs	889	588	-
C.3 Collections	315	1,108	146
C.4 Sale proceeds	410	334	-
C.5 Losses on disposals	18	68	-
C.6 Transfers to other non-performing exposures	3	1,040	263
C.7 Contractual changes with no cancellations	-	4	-
C.8 Other decreases	1,949	725	-
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>2,366</b>	<b>6,194</b>	<b>513</b>
<i>of which sold non-cancelled exposures</i>	102	519	15

## A.1.9bis On-balance sheet exposures with customers: changes by credit quality in gross forborne exposures

(€ million)

SOURCES/QUALITY	CHANGES IN 2021	
	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
<b>A. Opening balance (gross amount)</b>	<b>5,893</b>	<b>2,838</b>
<i>of which sold non-cancelled exposures</i>	1,466	67
<b>B. Increases</b>	<b>2,687</b>	<b>4,882</b>
B.1 Transfers from performing non-forborne exposures	569	3,917
B.2 Transfers from performing forborne exposures	851	X
B.3 Transfers from non-performing forborne exposures	X	566
<i>of which: business combinations</i>	X	-
B.4 Other increases	1,267	399
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	<b>3,760</b>	<b>2,948</b>
C.1 Transfers to performing non-forborne exposures	X	656
C.2 Transfers to performing forborne exposures	566	X
C.3 Transfers to non-performing forborne exposures	X	851
C.4 Write-offs	649	-
C.5 Collections	883	873
C.6 Sale proceeds	372	-
C.7 Losses from disposal	61	-
C.8 Other reductions	1,229	568
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	<b>4,820</b>	<b>4,772</b>
<i>of which sold non-cancelled exposures</i>	512	396



## Part E - Information on risks and hedging policies

## A.1.10 On-balance sheet non-performing credit exposures with banks: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES
<b>A. Opening balance (gross amount)</b>	-	-	6	2	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-
<b>B. Increases</b>	4	-	-	-	-	-
B.1 Write-downs of acquired or originated impaired financial assets	-	X	-	X	-	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	-	-	-	-	-	-
B.3 Losses on disposal	-	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	4	-	-	-	-	-
B.5 Contractual changes with no cancellations	-	X	-	X	-	X
B.6 Other increases	-	-	-	-	-	-
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	-	-	6	2	-	-
C.1 Write-backs from valuation	-	-	2	2	-	-
C.2 Write-backs from collections	-	-	-	-	-	-
C.3 Gains from disposals	-	-	-	-	-	-
C.4 Write-offs	-	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	4	-	-	-
C.6 Contractual changes with no cancellations	-	X	-	X	-	X
C.7 Other decreases	-	-	-	-	-	-
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	4	-	-	-	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

## A.1.11 On-balance sheet non-performing credit exposures with customers: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2021					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES	TOTAL	OF WHICH FORBORN EXPOSURES
<b>A. Opening balance (gross amount)</b>	<b>3,802</b>	<b>787</b>	<b>4,463</b>	<b>2,889</b>	<b>150</b>	<b>4</b>
<i>of which sold non-cancelled exposures</i>	381	201	733	678	2	-
<b>B. Increases</b>	<b>1,466</b>	<b>420</b>	<b>1,783</b>	<b>1,323</b>	<b>184</b>	<b>2</b>
B.1 Write-downs of acquired or originated impaired financial assets	93	X	124	X	5	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	496	185	1,083	966	99	2
B.3 Losses on disposal	18	1	68	60	-	-
B.4 Transfers from other categories of non-performing exposures	782	221	33	5	5	-
B.5 Contractual changes with no cancellations	-	X	4	X	-	X
B.6 Other increases	77	13	471	292	75	-
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	<b>3,416</b>	<b>805</b>	<b>3,105</b>	<b>2,113</b>	<b>143</b>	<b>4</b>
C.1 Write-backs from valuation	376	128	618	374	2	-
C.2 Write-backs from collections	77	17	51	21	37	-
C.3 Gains from disposals	51	5	25	15	-	-
C.4 Write-offs	889	158	588	491	-	-
C.5 Transfers to other categories of non-performing exposures	2	1	725	221	93	4
C.6 Contractual changes with no cancellations	-	X	1	X	-	X
C.7 Other decreases	2,021	496	1,097	991	11	-
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>1,852</b>	<b>402</b>	<b>3,141</b>	<b>2,099</b>	<b>191</b>	<b>2</b>
<i>of which sold non-cancelled exposures</i>	49	21	158	146	4	-

## Part E - Information on risks and hedging policies

### A.2 Classification of credit exposure, of loan commitments and financial guarantees given based on internal and external ratings

#### A.2.1 Breakdown of financial assets, loan commitments and financial guarantees given by external rating classes (gross amounts)

(€ million)

EXPOSURES	AMOUNT AS AT 12.31.2021							TOTAL
	EXTERNAL RATING CLASSES						NO RATING	
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
A. Financial assets at amortised cost								
- Stage 1	6,056	11,393	64,081	715	1,148	-	136,357	219,750
- Stage 2	2	384	2,489	768	78	5	42,937	46,663
- Stage 3	-	-	-	-	190	-	8,458	8,648
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	5	5
B. Financial assets at fair value through other comprehensive income								
- Stage 1	5,116	7,542	20,562	-	-	-	2,044	35,264
- Stage 2	-	-	44	-	-	-	-	44
- Stage 3	-	-	-	-	-	-	2	2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
C. Financial instruments classified as held for sale								
- Stage 1	-	-	97	-	-	-	489	586
- Stage 2	-	-	190	216	-	-	456	862
- Stage 3	-	-	-	-	-	-	310	310
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (A+B+C)	11,174	19,319	87,463	1,699	1,416	5	191,058	312,134
D. Loan commitments and financial guarantees given								
- Stage 1	3,686	3,099	10,897	2,993	639	3	28,012	49,329
- Stage 2	20	368	2,790	2,872	201	2	9,237	15,490
- Stage 3	-	-	-	-	-	-	759	759
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (D)	3,706	3,467	13,687	5,865	840	5	38,008	65,578
Total (A+B+C+D)	14,880	22,786	101,150	7,564	2,256	10	229,066	377,712

The table details on- and off-balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Countries, Banks, Public-Sector Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments); then it provides, for external ratings, 6 classes of creditworthiness.

Rating agencies utilised to fill the table are: Moody's, S&Ps and Fitch.

Where more than one rating agency is available, the most prudential rating is assigned.

Concerning the classification of credit exposure, of loan commitments and financial guarantees given based on internal and external ratings in force for the UniCredit group is made to the paragraph "A.2 Classification of credit exposure based on internal and external ratings" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information, A. Credit quality, which is herewith quoted entirely.

The 37% of rated counterparties were investment grade (from Class 1 to Class 3), referring to highly-rated borrowers.

Unrated exposures, i.e. those with no external rating, were about 61% of the portfolio, due to the fact that a considerable proportion of borrowers were private individuals or SMEs, which are not externally rated.

## Part E - Information on risks and hedging policies

## A.2.2 Breakdown of financial assets, loan commitments and financial guarantees given by internal rating classes (gross amounts)

(€ million)

EXPOSURES	AMOUNT AS AT 12.31.2021									NO RATING	TOTAL
	INTERNAL RATING CLASSES										
	1	2	3	4	5	6	7	8	9		
A. Financial assets at amortised cost											
- Stage 1	286	2,743	88,319	67,399	16,987	10,707	5,047	762	17	27,483	219,750
- Stage 2	58	9	11,694	7,712	5,877	7,095	6,001	4,231	3,113	873	46,663
- Stage 3	-	-	-	-	-	-	-	-	-	8,648	8,648
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	5	5
B. Financial assets at fair value through other comprehensive income											
- Stage 1	3,281	6,969	23,654	259	-	-	-	261	-	840	35,264
- Stage 2	-	-	-	44	-	-	-	-	-	-	44
- Stage 3	-	-	-	-	-	-	-	-	-	2	2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-	-
C. Financial instruments classified as held for sale											
- Stage 1	-	-	111	315	148	12	-	-	-	-	586
- Stage 2	-	-	266	353	103	94	-	46	-	-	862
- Stage 3	-	-	-	-	-	-	-	-	-	310	310
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-	-
Total (A+B+C)	3,625	9,721	124,044	76,082	23,115	17,908	11,048	5,300	3,130	38,161	312,134
D. Loan commitments and financial guarantees given											
- Stage 1	1	461	17,245	17,651	3,202	2,946	1,048	161	15	6,599	49,329
- Stage 2	12	575	3,723	5,601	1,195	2,285	892	568	256	383	15,490
- Stage 3	-	-	-	-	-	-	-	-	-	759	759
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-	-
Total (D)	13	1,036	20,968	23,252	4,397	5,231	1,940	729	271	7,741	65,578
Total (A+B+C+D)	3,638	10,757	145,012	99,334	27,512	23,139	12,988	6,029	3,401	45,902	377,712

The table contains on-balance and off-balance sheet exposures grouped according to the counterparties' internal rating. Ratings are assigned to individual counterparties using internally-developed models included in their credit risk management processes.

The internal models validated by the regulators are both "local" and "group-wide" (e.g. for Banks, Multinationals, Countries).

The various rating scales of these models are mapped into a single Group master-scale of 9 classes (illustrated above) based on Probability of Default (PD).

## Part E - Information on risks and hedging policies

## A.3 Distribution of secured credit exposures by type of security

## A.3.1 Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 12.31.2021					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	4,939	4,939	-	-	4,892	-
of which non-performing	-	-	-	-	-	-
1.2 Partially secured	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	2,345	2,345	-	-	2,284	8
of which non-performing	-	-	-	-	-	-
2.2 Partially secured	12	12	-	-	-	1
of which non-performing	-	-	-	-	-	-

continued: A.3.1 Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 12.31.2021								
	GUARANTEES (2)								
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)			
	OTHER CREDIT DERIVATIVES								
	CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES
<b>1. Secured on-balance sheet credit exposures</b>									<b>TOTAL (1)+(2)</b>
1.1 Totally secured	-	-	-	-	-	-	-	-	<b>4,892</b>
of which non-performing	-	-	-	-	-	-	-	-	-
1.2 Partially secured	-	-	-	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-	-	-	-
<b>2. Secured off-balance sheet credit exposures</b>									
2.1 Totally secured	-	-	-	-	-	-	37	-	<b>2,329</b>
of which non-performing	-	-	-	-	-	-	-	-	-
2.2 Partially secured	-	-	-	-	-	-	10	-	<b>11</b>
of which non-performing	-	-	-	-	-	-	-	-	-

## A.3.2 Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 12.31.2021					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	109,744	105,441	59,988	-	18,490	3,740
of which non-performing	5,865	3,037	2,237	-	6	49
1.2 Partially secured	20,457	19,838	55	-	521	829
of which non-performing	703	273	22	-	39	3
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	29,935	29,836	2,000	-	7,953	340
of which non-performing	431	370	55	-	3	19
2.2 Partially secured	5,279	5,243	2	-	195	126
of which non-performing	119	92	-	-	22	4

## Part E - Information on risks and hedging policies

continued: A.3.2 Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

AMOUNT AS AT 12.31.2021									
GUARANTEES (2)									
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)			
	OTHER CREDIT DERIVATIVES								
	CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES
									TOTAL (1)+(2)
<b>1. Secured on-balance sheet credit exposures</b>									
1.1 Totally secured	-	-	-	-	-	10,788	108	1,231	10,387
of which non-performing	-	-	-	-	-	270	4	14	271
1.2 Partially secured	-	-	-	-	-	8,929	211	31	4,207
of which non-performing	-	-	-	-	-	97	14	4	23
<b>2. Secured off-balance sheet credit exposures</b>									
2.1 Totally secured	-	-	-	-	-	2,661	808	1,582	14,404
of which non-performing	-	-	-	-	-	10	35	30	207
2.2 Partially secured	-	-	-	-	-	776	245	586	1,287
of which non-performing	-	-	-	-	-	6	5	1	33

## A.4 Financial and non-financial assets obtained by taking possession of collaterals

(€ million)

				CARRYING VALUE	
		CANCELLED CREDIT EXPOSURE	GROSS AMOUNT	OVERALL WRITE- DOWNS	OF WHICH OBTAINED DURING THE YEAR
<b>A. Property, plant and equipment</b>		-	-	-	-
A.1 Used in business		-	-	-	-
A.2 Held for investment		-	-	-	-
A.3 Inventories		-	-	-	-
<b>B. Equity instruments and debt securities</b>		178	129	47	83
<b>C. Other assets</b>		-	-	-	-
<b>D. Non-current assets and disposal groups classified as held for sale</b>		-	-	-	-
D.1 Property, plant and equipment		-	-	-	-
D.2 Other assets		-	-	-	-
<b>Total 12.31.2021</b>		178	129	47	83
<b>Total 12.31.2020</b>		227	165	43	123

## Part E - Information on risks and hedging policies

## B. Distribution and concentration of credit exposures

## B.1 Distribution by segment of on-balance and off-balance sheet credit exposures with customers

(€ million)

EXPOSURES/COUNTERPARTIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES		FINANCIAL COMPANIES		FINANCIAL COMPANIES (OF WHICH INSURANCE COMPANIES)		NON-FINANCIAL COMPANIES		HOUSEHOLDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	-	26	8	141	-	-	320	1,274	186	411
of which: forbore exposures	-	-	4	13	-	-	91	294	77	95
A.2 Unlikely to pay	206	28	144	265	-	-	1,594	2,144	1,109	704
of which: forbore exposures	16	16	93	120	-	-	1,214	1,487	816	476
A.3 Non-performing past-due	6	4	-	-	-	-	37	33	279	154
of which: forbore exposures	-	-	-	-	-	-	3	1	3	1
A.4 Performing exposures	74,558	56	47,788	177	638	-	81,809	1,225	62,987	969
of which: forbore exposures	6	-	117	9	-	-	2,666	450	1,378	146
<b>Total (A)</b>	<b>74,770</b>	<b>114</b>	<b>47,940</b>	<b>583</b>	<b>638</b>	<b>-</b>	<b>83,760</b>	<b>4,676</b>	<b>64,561</b>	<b>2,238</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	17	11	34	19	-	-	1,108	266	42	1
B.2 Performing exposures	4,727	2	30,046	24	4,799	-	107,100	88	5,530	3
<b>Total (B)</b>	<b>4,744</b>	<b>13</b>	<b>30,080</b>	<b>43</b>	<b>4,799</b>	<b>-</b>	<b>108,208</b>	<b>354</b>	<b>5,572</b>	<b>4</b>
<b>Total (A+B)</b>										
<b>12.31.2021</b>	<b>79,514</b>	<b>127</b>	<b>78,020</b>	<b>626</b>	<b>5,437</b>	<b>-</b>	<b>191,968</b>	<b>5,030</b>	<b>70,133</b>	<b>2,242</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>70,363</b>	<b>118</b>	<b>97,129</b>	<b>733</b>	<b>1,911</b>	<b>-</b>	<b>186,335</b>	<b>7,116</b>	<b>67,358</b>	<b>3,095</b>

## B.2 Distribution of on-balance and off-balance sheet credit exposures with customers by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	512	1,772	2	80	-	-	-	-	-	-
A.2 Unlikely to pay	2,529	2,668	317	457	18	13	1	1	188	2
A.3 Non-performing past-due	320	190	1	1	1	-	-	-	-	-
A.4 Performing exposures	229,049	2,285	23,830	90	4,237	10	8,749	42	1,277	-
<b>Total (A)</b>	<b>232,410</b>	<b>6,915</b>	<b>24,150</b>	<b>628</b>	<b>4,256</b>	<b>23</b>	<b>8,750</b>	<b>43</b>	<b>1,465</b>	<b>2</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	1,183	297	9	-	9	-	-	-	-	-
B.2 Performing exposures	132,458	101	10,914	9	3,144	4	530	2	358	-
<b>Total (B)</b>	<b>133,641</b>	<b>398</b>	<b>10,923</b>	<b>9</b>	<b>3,153</b>	<b>4</b>	<b>530</b>	<b>2</b>	<b>358</b>	<b>-</b>
<b>Total (A+B)</b>										
<b>12.31.2021</b>	<b>366,051</b>	<b>7,313</b>	<b>35,073</b>	<b>637</b>	<b>7,409</b>	<b>27</b>	<b>9,280</b>	<b>45</b>	<b>1,823</b>	<b>2</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>373,649</b>	<b>10,403</b>	<b>30,019</b>	<b>601</b>	<b>7,809</b>	<b>25</b>	<b>8,272</b>	<b>32</b>	<b>1,436</b>	<b>-</b>



## Part E - Information on risks and hedging policies

## B.2 Distribution of on-balance and off-balance sheet credit exposures with customers by geographic area - Italy

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>								
A.1 Bad exposures	109	329	130	329	129	499	144	615
A.2 Unlikely to pay	701	820	408	591	939	742	481	515
A.3 Non-performing past-due	97	68	53	29	67	40	103	53
A.4 Performing exposures	69,325	728	38,103	556	98,623	508	22,998	493
<b>Total (A)</b>	<b>70,232</b>	<b>1,945</b>	<b>38,694</b>	<b>1,505</b>	<b>99,758</b>	<b>1,789</b>	<b>23,726</b>	<b>1,676</b>
<b>B. Off-balance sheet credit exposures</b>								
B.1 Non-performing exposures	542	101	308	86	259	81	73	29
B.2 Performing exposures	49,541	47	30,328	25	44,184	21	8,404	9
<b>Total (B)</b>	<b>50,083</b>	<b>148</b>	<b>30,636</b>	<b>111</b>	<b>44,443</b>	<b>102</b>	<b>8,477</b>	<b>38</b>
<b>Total (A+B)</b>								
<b>12.31.2021</b>	<b>120,315</b>	<b>2,093</b>	<b>69,330</b>	<b>1,616</b>	<b>144,201</b>	<b>1,891</b>	<b>32,203</b>	<b>1,714</b>
<b>Total (A+B)</b>								
<b>12.31.2020</b>	<b>115,218</b>	<b>2,878</b>	<b>68,756</b>	<b>2,172</b>	<b>158,390</b>	<b>2,974</b>	<b>31,284</b>	<b>2,379</b>

## B.3 Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	-	-	-	-	-	4	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	86,392	2	20,981	7	3,152	-	3,055	1	300	-
<b>Total (A)</b>	<b>86,392</b>	<b>2</b>	<b>20,981</b>	<b>7</b>	<b>3,152</b>	<b>4</b>	<b>3,055</b>	<b>1</b>	<b>300</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	5,212	-	17,173	2	831	-	4,634	2	1,153	1
<b>Total (B)</b>	<b>5,212</b>	<b>-</b>	<b>17,173</b>	<b>2</b>	<b>831</b>	<b>-</b>	<b>4,634</b>	<b>2</b>	<b>1,153</b>	<b>1</b>
<b>Total (A+B)</b>										
<b>12.31.2021</b>	<b>91,604</b>	<b>2</b>	<b>38,154</b>	<b>9</b>	<b>3,983</b>	<b>4</b>	<b>7,689</b>	<b>3</b>	<b>1,453</b>	<b>1</b>
<b>Totale (A+B)</b>										
<b>12.31.2020</b>	<b>85,519</b>	<b>3</b>	<b>47,389</b>	<b>9</b>	<b>2,417</b>	<b>4</b>	<b>5,669</b>	<b>2</b>	<b>1,672</b>	<b>-</b>

## B.3 Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area - Italy

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
<b>A. On-balance sheet credit exposures</b>								
A.1 Bad exposures	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-
A.4 Performing exposures	2,929	1	430	-	83,033	1	-	-
<b>Total (A)</b>	<b>2,929</b>	<b>1</b>	<b>430</b>	<b>-</b>	<b>83,033</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	4,609	-	504	-	98	-	-	-
<b>Total (B)</b>	<b>4,609</b>	<b>-</b>	<b>504</b>	<b>-</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>								
<b>12.31.2021</b>	<b>7,538</b>	<b>1</b>	<b>934</b>	<b>-</b>	<b>83,131</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Totale (A+B)</b>								
<b>12.31.2020</b>	<b>11,124</b>	<b>2</b>	<b>660</b>	<b>-</b>	<b>73,684</b>	<b>1</b>	<b>51</b>	<b>-</b>

## Part E - Information on risks and hedging policies

### B.4 Large exposures

	12.31.2021
a) Amount book value (€ million)	287,837
b) Amount weighted value (€ million)	19,482
c) Number	8

The table refers to large exposures as defined by Regulation (EU) 876/2019 (CRR2).

In compliance with Art.4.1 39 of Regulation (EU) 575/2013 (CRR), in case of exposures towards a group of connected clients formed by a Central Government and other groups of connected clients, such exposure towards the Central Government is reported for each group of connected clients when remitting regulatory reporting; despite the abovementioned regulatory approach, both the amounts shown in letter a), b), and the number in letter c) in the table above disclose only once the exposure towards the Central Government originated following the method used.

It should be noted that deferred tax assets towards Italian Central Government were considered as fully exempted and, as a consequence, the weighted amount reported is null.

### C. Securitisation transactions

#### Qualitative information

In 2021 UniCredit S.p.A. carried out 6 new transactions, of which 1 traditional and 5 synthetic ones:

- Olympia - traditional;
- Bond Italia 8 - Investimenti - synthetic;
- Bond Italia 8 - Misto - synthetic;
- Puglia Sviluppo 2021 - synthetic;
- A.R.T.S. MidCap 2021 - synthetic;
- A.R.T.S. Re.Mo. 2021 - synthetic.

Details of the transactions, traditional and synthetic, are set out in the tables enclosed in the "Annexes" to the Consolidated financial statements, including also those carried out in previous financial years.

It should also be noted that "self-securitisations" and transactions in warehousing phase are not included in the quantitative tables of this paragraph (C. Securitisation transactions), as required by regulations.

Part of the portfolio are:

- own securitisation transactions, both traditional and synthetic, including also those traditional carried out by the Banks absorbed by UniCredit S.p.A. in previous years, for a book value of €6,310 million as at 31 December 2021;
- securities arising out of securitisation transactions carried out by other companies belonging to the UniCredit group, for a book value of €407 million as at 31 December 2021;
- other third-party securitisation exposures, for a book value of € 74million as at 31 December 2021.

## Part E - Information on risks and hedging policies

## Quantitative information

## C.1 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

(€ million)

TYPE OF SECURITISED ASSETS/EXPOSURE	BALANCE SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS
<b>A. Totally derecognised</b>	<b>1,083</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>21</b>	<b>-</b>
A.1 Residential mortgages	745	-	3	-	-	-
A.2 Loans to SME	338	-	50	-	21	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>9</b>	<b>7</b>
B.1 Loans to SME	-	-	9	-	9	7
<b>C. Not-derecognised</b>	<b>4,119</b>	<b>-</b>	<b>238</b>	<b>-</b>	<b>820</b>	<b>119</b>
C.1 Residential mortgages	736	-	146	-	565	43
C.2 Loans to SME	3,383	-	92	-	255	76

Possible write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2021 only.

continued: C.1 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-

continued: C.1 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

## C.2 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

(€ million)

TYPE OF SECURITISED ASSETS/EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS
- Loans to SME	1	-	-	-	29	-
- Leasing	407	-	-	-	-	-
- Other retail exposures	-	-	-	-	2	-

Possible write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2021 only.

continued: C.2 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
- Loans to SME	-	-	-	-	-	-
- Leasing	-	-	-	-	-	-
- Other retail exposures	-	-	-	-	-	-

continued: C.2 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
- Loans to SME	-	-	-	-	-	-
- Leasing	-	-	-	-	-	-
- Other retail exposures	-	-	-	-	-	-

## C.3 SPVs for securitisations

(€ million)

NAME OF SECURITISATION/NAME OF VEHICLE	COUNTRY OF INCORPORATION	CONSOLIDATION	ASSETS			LIABILITIES		
			LOANS AND RECEIVABLES	DEBT SECURITIES	OTHERS	SENIOR	MEZZANINE	JUNIOR
Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Piazzetta Monte 1 - 37121 Verona	Y	398	-	49	270	74	67
Cordusio RMBS - UCFin S.r.l.	Piazzetta Monte 1 - 37121 Verona	Y	261	-	21	69	148	13
Cordusio RMBS Securitisation S.r.l.	Piazzetta Monte 1 - 37121 Verona	Y	448	-	17	177	236	2
F-E Mortgages S.r.l. - 2003	Piazzetta Monte 1 - 37121 Verona	Y	65	-	14	12	29	8
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Y	115	-	13	30	37	32
ARCOBALENO FINANCE SRL	FORO BUONAPARTE 70 20121 MILANO	N	38	-	2	-	-	48
CREDIARC SPV SRL	FORO BUONAPARTE 70 20121 MILANO	N	13	-	2	5	-	26
FINO 1 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	277	-	68	141	70	50
FINO 2 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	155	-	306	212	201	40
OLYMPIA SPV S.R.L.	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	287	-	44	261	26	3
ONIF FINANCE SRL	VIA ALESSANDRO PESTALOZZA 12/14, 20131 MILANO	N	201	-	26	-	68	115
PRISMA SPV S.R.L.	VIA MARIO CARUCCI 131, Roma	N	653	-	332	624	80	30
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	N	73	-	31	2	182	89
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	N	50	-	-	1	51	106
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	N	165	-	-	107	90	9
YANEZ SPV S.R.L. - SANDOKAN	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	242	-	883	-	234	890
YANEZ SPV S.R.L. - SANDOKAN 2	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	270	-	646	-	118	798

## Part E - Information on risks and hedging policies

### **C.4 Special Purpose Vehicles for securitisation not subject to consolidation**

Refer to the corresponding paragraph "C.4 Regulatory consolidation - Special Purpose Vehicles for securitisation not subject to consolidation" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information, C. Securitisation transactions, Quantitative information.

### **C.5 Servicer activities - "In house" securitisations - Collections of securitised loans and redemptions of securities issued by the special purpose vehicle for securitisation**

As at 31 December 2021, the Bank does not perform any servicer activity in its "in house" securitisations in which the assets sold were derecognised from the balance sheet under IFRS9.

### ***D. Information on structured entities not consolidated for accounting purposes (other than vehicles for securitisation transactions)***

Refer to the corresponding paragraph "B.2 Non-consolidated for accounting purposes structured entities" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 1 - Risks of the accounting consolidated perimeter, Quantitative information, B. Structured entities (other than entities for securitisation transaction).

## Part E - Information on risks and hedging policies

**E. Sales transaction***A. Financial assets sold and not fully derecognised**Quantitative information*

Any exposures that, at the reference date, are booked under item "110. Non-current assets and disposal groups classified as held for sale", in the tables below are shown in correspondence of the original accounting portfolio.

**E.1 Financial assets sold and fully recognised and associated financial liabilities: book value**

(€ million)

	FINANCIAL ASSETS SOLD AND FULLY RECOGNISED				ASSOCIATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION	OF WHICH NON- PERFORMING	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION
<b>A. Financial assets held for trading</b>	2,370	-	2,370	X	2,380	-	2,380
1. Debt securities	2,370	-	2,370	X	2,380	-	2,380
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivative instruments	-	-	-	X	-	-	-
<b>B. Other financial assets mandatorily at fair value</b>	7	7	-	7	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	7	7	-	7	-	-	-
<b>C. Financial assets designated at fair value</b>	80	-	80	-	81	-	81
1. Debt securities	80	-	80	-	81	-	81
2. Loans	-	-	-	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	12,567	-	12,567	-	12,617	-	12,617
1. Debt securities	12,567	-	12,567	-	12,617	-	12,617
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>E. Financial assets at amortised cost</b>	32,746	17,661	15,085	642	15,807	662	15,145
1. Debt securities	15,085	-	15,085	-	15,145	-	15,145
2. Loans	17,661	17,661	-	642	662	662	-
<b>Total 12.31.2021</b>	<b>47,770</b>	<b>17,668</b>	<b>30,102</b>	<b>649</b>	<b>30,885</b>	<b>662</b>	<b>30,223</b>
<b>Total 12.31.2020</b>	<b>45,688</b>	<b>18,212</b>	<b>27,476</b>	<b>777</b>	<b>28,609</b>	<b>907</b>	<b>27,702</b>

**E.2 Financial assets sold and partially recognised and associated financial liabilities: book value**

(€ million)

	ORIGINAL GROSS VALUE OF ASSETS BEFORE SALE	BOOK VALUE OF ASSETS STILL PARTIALLY	OF WHICH NON- PERFORMING	BOOK VALUE OF ASSOCIATED FINANCIAL LIABILITIES
<b>A. Financial assets held for trading</b>	-	-	X	-
1. Debt securities	-	-	X	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	X	-
4. Derivative instruments	-	-	X	-
<b>B. Other financial assets mandatory at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
<b>E. Financial assets at amortised cost</b>	60	14	14	3
1. Debt securities	-	-	-	-
2. Loans	60	14	14	3
<b>Total 12.31.2021</b>	<b>60</b>	<b>14</b>	<b>14</b>	<b>3</b>
<b>Total 12.31.2020</b>	<b>60</b>	<b>11</b>	<b>11</b>	<b>9</b>

## Part E - Information on risks and hedging policies

**E.3 Sale transactions relating to financial liabilities with repayment exclusively based on assets sold and not fully derecognised: fair value**

(€ million)

	FULLY RECOGNISED	PARTIALLY RECOGNISED	TOTAL	
			12.31.2021	12.31.2020
<b>A. Financial assets held for trading</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
4. Derivative instruments	-	-	-	-
<b>B. Other financial assets mandatorily at fair value</b>	7	-	7	16
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	7	-	7	16
<b>C. Financial assets designated at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
<b>E. Financial assets at amortised cost (fair value)</b>	17,931	14	17,945	17,909
1. Debt securities	-	-	-	-
2. Loans	17,931	14	17,945	17,909
<b>Total associated financial assets</b>	17,938	14	17,952	17,925
<b>Total associated financial liabilities</b>	576	3	X	X
<b>Total net amount 12.31.2021</b>	17,362	11	17,373	X
<b>Total net amount 12.31.2020</b>	16,990	19	X	17,009

**B. Financial assets sold and fully derecognised with recognition of continuing involvement***Qualitative and quantitative information*

At the end of the year there were no disposals of financial assets that had been fully derecognised, which required the recognition of continuing involvement.

**C. Financial assets sold and fully derecognised***Quantitative information*

As at 31 December 2021, the Bank holds asset-backed securities and units in investment funds acquired following the sale of financial assets fully derecognised, carried out in 2021 and in previous years.

These transactions involved the sale of financial assets, mainly consisting of loans classified as "unlikely to pay", by the Bank to securitisation vehicles or investment funds and their derecognition from the financial statements pursuant to IFRS9, following the assessment that the Bank originator itself has substantially transferred the risks and benefits of the assets sold and at the same time has not maintained any control over the same assets.

Instead of these derecognised assets, the asset-backed securities or the units in investment funds received in the same transactions were recognized among the Financial assets at fair value through other comprehensive income or those mandatorily valued at fair value.

For further information on each transaction carried out in the 2021 and also in the previous years, refer to "Annex 3 - Securitizations - qualitative tables" and "Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables" of Consolidated financial statements of UniCredit group with specific reference to UniCredit S.p.A. as Originator, which is herewith quoted entirely.



## Part E - Information on risks and hedging policies

## C. Financial assets sold and fully derecognised

(€ million)

	ORIGINAL BOOK VALUE OF ASSETS BEFORE SALE	OF WHICH NON- PERFORMING	BOOK VALUE OF THE BALANCE-SHEET EXPOSURE ACQUIRED
<b>A. Financial assets held for trading</b>	-	X	-
1. Debt securities	-	X	-
2. Equity instruments	-	X	-
3. Loans	-	X	-
4. Derivative instruments	-	X	-
<b>B. Other financial assets mandatorily at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Loans	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>E. Financial assets at amortised cost</b>	333	333	300
1. Debt securities	-	-	-
2. Loans	333	333	300
<b>Total 12.31.2021</b>	<b>333</b>	<b>333</b>	<b>300</b>

The asset-backed securities acquired during the year by such transactions, amounting to €261 million, are classified in the Financial assets at fair value through other comprehensive income portfolio, while the units in investment Funds underwritten, amounting to €39 million, are classified in the Financial assets mandatorily at fair value portfolio.

Moreover, with reference to sales of financial assets fully derecognised carried out in previous years, it should be noted that as of 31 December 2021, additional €1,241 million of asset-backed securities are booked in the Financial assets at fair value through other comprehensive income portfolio as well as in the Financial assets mandatorily at fair value portfolio are booked additional €62 million of asset-backed securities and €244 million of Investment Funds' Units acquired in the previous years.

## E.4 Covered bond transaction

Reference is made to the paragraph "D.4 Regulatory consolidation - Covered bond transactions" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 1.1 Credit Risk, Quantitative information, D. Sales transactions, which is herewith quoted entirely.

## Information on Sovereign exposures

With reference to the UniCredit S.p.A. Sovereign exposures, the book value of Sovereign debt securities as at 31 December 2021 amounted to €66,004 million, of which nearly 66% in connection with Italy.

This exposures is shown in the table below:

## Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ million)

COUNTRY/PORTFOLIO	AMOUNTS AS AT 12.31.2021		
	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
<b>- Italy</b>	<b>41,835</b>	<b>43,336</b>	<b>43,687</b>
Financial assets at amortised cost	23,003	23,807	24,158
Financial assets mandatorily at fair value	50	62	62
Financial assets designated at fair value	0	0	0
Financial assets/liabilities held for trading (net exposure)	768	291	291
Financial assets at fair value through other comprehensive income	18,014	19,176	19,176

The remaining 34% of the total of Sovereign debt securities, amounting to €22,668 million with reference to the book value as at 31 December 2021, is divided into 16 countries, of which €8,637 million to Spain, €5,698 million to Japan, €1,875 million to United States.

The table below shows the classification of bonds belonging to the banking book and their percentage proportion of the total of the portfolio under which they are classified:

## Part E - Information on risks and hedging policies

### Breakdown of Sovereign Debt Securities by Portfolio

(€ million)

	AMOUNTS AS AT 12.31.2021				TOTAL
	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTISED COST	
Book value	119	65	30,552	35,268	66,004
% Portfolio	100.00%	1.09%	83.79%	13.17%	

In addition to the exposures to Sovereign debt securities, loans given to central and local governments and governmental bodies must be taken into account.

The table below shows the total amount of the loans as at 31 December 2021:

### Breakdown of Sovereign Loans by Country

(€ million)

COUNTRY	AMOUNTS AS AT 12.31.2021 BOOK VALUE
- Italy	2,564
- Qatar	621
- Kenya	188
- Egypt	134
- Dominican Republic	40
- Turkey	2
- Other	43
<b>Total on-balance sheet exposures</b>	<b>3,592</b>

### Other transaction

With reference to the indications of Banca d'Italia/Consob/IVASS document No.6 of 8 March 2013 - Booking of "long-term structured repos" - instructions, there are no transactions of this kind to report.

### Information on trading book derivative instruments with customers

The business model governing OTC derivatives trading with customers provides for centralization of market risk in the Group Client Solutions division - Group Client Risk Management, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:

- by the commercial banks and divisions that close transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the Group Client Solutions division by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g. structured bonds);
- by CE/CEE banks, which transact business directly with their customers.

The UniCredit group trades OTC derivatives on a wide range of underlying, e.g. interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalization; new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent Company and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and controls in terms of principles, rules and processes, as well as by setting VaR limits.

The business with non-institutional clients does not (usually) entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to credit-risk mitigation ("CRM") techniques, by using netting and/or collateral agreements.

## Part E - Information on risks and hedging policies

Write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:

- performing exposure to customers are mapped by deriving EAD (Exposure at Default) that take into account the Wrong Way Risk and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from credit & loan-credit default swaps, in order to obtain a value in terms of 'expected loss' (EL) to be used for items designated and measured at fair value maximising usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flow according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" and of balance-sheet liability item "20. Financial liabilities held for trading".

To make the distinction between customers and banking counterparties, the definition contained in Circular No.262 of 22 December 2005 of Banca d'Italia and subsequent amendments (which was used for the preparation of the accounts) was used as a reference.

Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross-currency swaps) and/or leverage effects.

The balance of item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" with regard to derivative contracts totaled €8,764 million (with a notional value of €181,175 million) including €3,618 million with customers. The notional value of derivatives with customers amounted to €66,366 million, including €1,523 related to structured derivatives (fair value €90 million). The notional value of derivatives with banking counterparties totaled €114,809 million (fair value of €5,146 million) including €1,155 million relating to structured derivatives (fair value of €31 million).

The balance of item "20. Financial liabilities held for trading" with regard to derivative contracts totaled €8,791 million (with a notional value of €181,343 million) including €3,463 million with customers. The notional value of derivatives with customers amounted to €58,762 million, including €1,025 million in structured derivatives (fair value of €31 million). The notional value of derivatives with banking counterparties totaled €122,581 million (fair value of €5,329 million), including €1,394 million relating to structured derivatives (fair value €101 million).

### **F. Credit risk measurement models**

At 31 December 2021 the expected loss on the credit risk perimeter was 0.48% of total Bank credit exposure. This trend is mitigated by the exposures which have migrated to default and therefore do not enter in the calculation of expected loss and improvement PD dynamics. Besides, since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario. The ratio between credit economic capital (including a component to cover migration risk) and its relative credit exposure amount is 3.17% with reference date end of December 2021.

As far as quantitative information of UniCredit group, reference is made to the paragraph Part E - Notes to the consolidated accounts of UniCredit group - Section 2 - Risk of the prudential consolidated perimeter - Quantitative information - E. Prudential perimeter - Credit risk measurement models.

## Part E - Information on risks and hedging policies

### Section 2 - Market risk

Reference is made to the paragraph “2.2 Market risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, which is herewith quoted entirely.

Below, end of year VaR, SVaR and IRC results of UniCredit S.p.A.

#### Daily VaR on Regulatory Trading book

	12.30.2021	2021			2020
		AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	2.48	2.5	10.6	0.9	4.9

#### SVaR on Regulatory Trading book

	12.30.2021	2021			2020
		AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	9.39	10.00	16.83	4.42	9.97

#### IRC on Regulatory Trading book

	12.30.2021	2021			2020
		AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	93.7	94.3	184.1	48.6	85.0

### 2.1 Interest rate risk and price risk - Regulatory trading book

#### Qualitative information

##### Interest rate risk

##### A. General aspects

Reference is made to the paragraph “A. General aspects” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Interest rate risk, which is herewith quoted entirely.

##### B. Operational processes and methods for measuring interest rate risk and price risk

Reference is made to the paragraph “B. Risk management process and measurement methods” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Interest rate risk, which is herewith quoted entirely.

##### Price risk

##### A. General aspects

Reference is made to the paragraph “A. General aspects” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Price risk, which is herewith quoted entirely.

##### B. Operational processes and methods for measuring interest rate risk and price risk

Reference is made to the paragraph “B. Risk management process and measurement methods” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Price risk, which is herewith quoted entirely.

## Part E - Information on risks and hedging policies

### Quantitative information

#### 1. Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives

The table is not reported since a table showing interest rate sensitivity is described below, in accordance with internal model.

#### 2. Regulatory trading portfolio: distribution of equity exposures and equity indices for the main listing countries

The table is not reported since a table showing price risk sensitivity is described below, in accordance with internal model.

#### 3. Regulatory trading portfolio: internal models and other methods for sensitivity analysis

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models.

### Interest rate risk

Reference is made to the paragraph "Interest rate risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Quantitative information, which is herewith quoted entirely.

The tables below show trading book sensitivities.

(€ million)

INTEREST RATES	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 BP	+100 BP	CW	CCW
Total	-0.0	0.0	-0.1	-0.1	-0.2	0.0	0.0	-0.4	4.3	-4.4	40.9	-44.3	2.0	-2.4
of which:														
EUR	0.0	-0.0	-0.2	-0.1	-0.3	-0.0	0.0	-0.6	6.4	-6.5	62.6	-64.7	4.0	-4.3
USD	-0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.2	-1.9	1.9	-19.4	18.2	-	2.1
GBP	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	-0.1	0.1	-	0.1
CHF	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	-0.0	0.0	-0.0	0.0	-0.0	-	0.1
JPY	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	-0.9	0.9	0.1	-0.1

### Price risk

Reference is made to the paragraph "Price risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Quantitative information, which is herewith quoted entirely.

## Part E - Information on risks and hedging policies

### 2.2 Interest rate and price risk - Banking book

#### Qualitative information

##### Interest rate risk and price risk

##### A. General aspects, operational processes and methods for measuring interest rate risk and price risk

Reference is made to the paragraph "A. General aspects, operational processes and methods for measuring interest rate risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.2 Interest rate risk and price risk - Banking book, Qualitative information, Interest rate risk, which is herewith quoted entirely.

#### Quantitative information

##### 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2021							INDEFINITE MATURITY
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	
<b>1. On-balance sheet assets</b>	<b>27,656</b>	<b>122,409</b>	<b>20,693</b>	<b>19,849</b>	<b>74,124</b>	<b>29,550</b>	<b>13,979</b>	-
1.1 Debt securities	612	13,335	5,300	9,484	39,023	18,181	1,532	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	612	13,335	5,300	9,484	39,023	18,181	1,532	-
1.2 Loans to banks	2,338	20,718	1,063	1,586	1,008	16	-	-
1.3 Loans to customers	24,706	88,356	14,330	8,779	34,093	11,353	12,447	-
- Current accounts	6,544	7	64	7	153	8	2	-
- Other loans	18,162	88,349	14,266	8,772	33,940	11,345	12,445	-
- With prepayment option	11,545	51,126	9,594	4,307	22,206	9,477	11,559	-
- Other	6,617	37,223	4,672	4,465	11,734	1,868	886	-
<b>2. On-balance sheet liabilities</b>	<b>210,509</b>	<b>51,817</b>	<b>14,725</b>	<b>9,116</b>	<b>71,588</b>	<b>8,838</b>	<b>6,735</b>	-
2.1 Deposits from customers	202,183	19,836	567	25	312	1,116	1,186	-
- Current accounts	195,116	84	1	1	-	-	-	-
- Other	7,067	19,752	566	24	312	1,116	1,186	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	7,067	19,752	566	24	312	1,116	1,186	-
2.2 Deposits from banks	7,771	18,942	8,564	171	50,798	16	3	-
- Current accounts	1,453	-	-	-	-	-	-	-
- Other	6,318	18,942	8,564	171	50,798	16	3	-
2.3 Debt securities in issue	553	13,039	5,594	8,920	20,478	7,706	5,546	-
- With prepayment option	33	750	-	-	-	-	-	-
- Other	520	12,289	5,594	8,920	20,478	7,706	5,546	-
2.4 Other liabilities	2	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	2	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	650	20,894	10,360	22,640	168,989	156,325	49,362	-
+ Short positions	350	15,077	10,360	22,890	171,439	157,930	51,177	-
- Other derivatives								
+ Long positions	8,146	236,703	27,743	41,483	154,896	54,977	6,178	-
+ Short positions	4,396	193,897	34,988	63,712	183,814	37,796	7,881	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	7	29,291	2,127	2,079	3,196	1,048	815	-
+ Short positions	13,767	21,125	1,976	1,563	130	-	-	-

## Part E - Information on risks and hedging policies

## 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2021							INDEFINITE MATURITY
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	
<b>1. On-balance sheet assets</b>	<b>27,054</b>	<b>117,593</b>	<b>18,863</b>	<b>17,627</b>	<b>66,705</b>	<b>26,738</b>	<b>13,756</b>	-
1.1 Debt securities	584	12,637	5,135	7,539	33,435	15,633	1,357	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	584	12,637	5,135	7,539	33,435	15,633	1,357	-
1.2 Loans to banks	2,337	20,418	946	1,576	221	16	-	-
1.3 Loans to customers	24,133	84,538	12,782	8,512	33,049	11,089	12,399	-
- Current accounts	6,520	7	61	7	153	8	2	-
- Other loans	17,613	84,531	12,721	8,505	32,896	11,081	12,397	-
- With prepayment option	11,471	48,779	8,718	4,279	21,852	9,226	11,511	-
- Other	6,142	35,752	4,003	4,226	11,044	1,855	886	-
<b>2. On-balance sheet liabilities</b>	<b>204,796</b>	<b>43,283</b>	<b>12,905</b>	<b>9,021</b>	<b>67,965</b>	<b>7,346</b>	<b>2,564</b>	-
2.1 Deposits from customers	198,615	19,735	566	24	312	1,116	1,186	-
- Current accounts	191,661	16	-	-	-	-	-	-
- Other	6,954	19,719	566	24	312	1,116	1,186	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	6,954	19,719	566	24	312	1,116	1,186	-
2.2 Deposits from banks	5,760	13,659	8,195	133	50,774	16	3	-
- Current accounts	1,312	-	-	-	-	-	-	-
- Other	4,448	13,659	8,195	133	50,774	16	3	-
2.3 Debt securities in issue	419	9,889	4,144	8,864	16,879	6,214	1,375	-
- With prepayment option	33	750	-	-	-	-	-	-
- Other	386	9,139	4,144	8,864	16,879	6,214	1,375	-
2.4 Other liabilities	2	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	2	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	650	20,871	10,360	22,640	168,702	156,325	49,362	-
+ Short positions	350	14,837	10,360	22,890	171,439	157,930	51,177	-
- Other derivatives								
+ Long positions	7,881	204,930	22,774	39,460	144,982	43,040	6,178	-
+ Short positions	3,292	167,147	33,092	56,709	167,442	26,373	7,061	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	1	29,285	2,127	2,079	3,175	709	800	-
+ Short positions	13,392	21,118	1,976	1,559	130	-	-	-



## Part E - Information on risks and hedging policies

## 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: other currencies

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2021							INDEFINITE MATURITY
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	
<b>1. On-balance sheet assets</b>	<b>602</b>	<b>4,816</b>	<b>1,830</b>	<b>2,222</b>	<b>7,419</b>	<b>2,812</b>	<b>223</b>	-
1.1 Debt securities	28	698	165	1,945	5,588	2,548	175	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	28	698	165	1,945	5,588	2,548	175	-
1.2 Loans to banks	1	300	117	10	787	-	-	-
1.3 Loans to customers	573	3,818	1,548	267	1,044	264	48	-
- Current accounts	24	-	3	-	-	-	-	-
- Other loans	549	3,818	1,545	267	1,044	264	48	-
- With prepayment option	74	2,347	876	28	354	251	48	-
- Other	475	1,471	669	239	690	13	-	-
<b>2. On-balance sheet liabilities</b>	<b>5,713</b>	<b>8,534</b>	<b>1,820</b>	<b>95</b>	<b>3,623</b>	<b>1,492</b>	<b>4,171</b>	-
2.1 Deposits from customers	3,568	101	1	1	-	-	-	-
- Current accounts	3,455	68	1	1	-	-	-	-
- Other	113	33	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	113	33	-	-	-	-	-	-
2.2 Deposits from banks	2,011	5,283	369	38	24	-	-	-
- Current accounts	141	-	-	-	-	-	-	-
- Other	1,870	5,283	369	38	24	-	-	-
2.3 Debt securities in issue	134	3,150	1,450	56	3,599	1,492	4,171	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	134	3,150	1,450	56	3,599	1,492	4,171	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	23	-	-	287	-	-	-
+ Short positions	-	240	-	-	-	-	-	-
- Other derivatives								
+ Long positions	265	31,773	4,969	2,023	9,914	11,937	-	-
+ Short positions	1,104	26,750	1,896	7,003	16,372	11,423	820	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	6	6	-	-	21	339	15	-
+ Short positions	375	7	-	4	-	-	-	-

## 2. Banking book: internal models and other methods for sensitivity analysis

## Interest Rate Risk

As at 31 December 2021, the interest income sensitivity to an immediate and parallel shift of +100bps was +€519 million, whilst the immediate change to a parallel downward shift of interest rate of -100bp (or less, according to the interest rates level of each currency) was equal to -€107 million.

The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200bps and -200bp was respectively equal to -€1,170 million and -€531 million. The sensitivity to interest rates changes for the worst-of-six "Supervisory Outlier Test", as envisioned by EBA guideline (EBA/GL/2018/02) was equal to -€1,168 million.

## Part E - Information on risks and hedging policies

## Template EU IRRBB1 - Interest rate risks of non-trading book activities

(€ million)

SUPERVISORY SHOCK SCENARIOS		a		b		c		d	
		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE NET INTEREST INCOME		CHANGES OF THE NET INTEREST INCOME	
		12.31.2021	12.31.2020	12.31.2021	12.31.2020	12.31.2021	12.31.2020	12.31.2021	12.31.2020
1	Parallel up	(1,168)	642	519	615				
2	Parallel down	(532)	(1,341)	(107)	(169)				
3	Steeper	91	277						
4	Flattener	(592)	(386)						
5	Short rates up	(719)	(46)						
6	Short rates down	80	(276)						

## 2.3 Exchange rate risk

## Qualitative information

## A. General aspects, risk management processes and measurement methods

Reference is made to the paragraph "A. General aspects, risk management processes and measurement methods" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, Qualitative information, which is herewith quoted entirely.

## B. Hedging exchange rate risk

Reference is made to the paragraph "B. Hedging exchange rate risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, Qualitative information, which is herewith quoted entirely.

## Quantitative information

## 1. Distribution by currency of assets and liabilities and derivatives

(€ million)

ITEMS	AMOUNTS AS AT 12.31.2021					
	CURRENCIES					
	U.S. DOLLAR	SWITZERLAND FRANC	JAPAN YEN	BRITISH POUND	CANADIAN DOLLAR	OTHER CURRENCIES
<b>A. Financial assets</b>	<b>11,991</b>	<b>907</b>	<b>5,716</b>	<b>84</b>	<b>21</b>	<b>1,548</b>
A.1 Debt securities	5,473	-	5,698	1	-	-
A.2 Equity securities	701	6	-	4	-	229
A.3 Loans to banks	1,136	-	5	-	1	73
A.4 Loans to customers	4,681	901	13	79	20	1,246
A.5 Other financial assets	-	-	-	-	-	-
<b>B. Other assets</b>	<b>3,429</b>	<b>10</b>	<b>4</b>	<b>173</b>	<b>6</b>	<b>382</b>
<b>C. Financial liabilities</b>	<b>23,805</b>	<b>56</b>	<b>66</b>	<b>297</b>	<b>34</b>	<b>1,189</b>
C.1 Deposits from banks	6,759	17	5	164	12	768
C.2 Deposits from customers	3,097	39	23	133	22	357
C.3 Debt securities in issue	13,949	-	38	-	-	64
C.4 Other financial liabilities	-	-	-	-	-	-
<b>D. Other liabilities</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>4</b>
<b>E. Financial derivatives</b>						
- Options						
+ Long positions	428	-	6	5	1	248
+ Short positions	140	-	6	5	1	464
- Other derivatives						
+ Long positions	46,933	1,431	773	2,364	141	2,982
+ Short positions	39,203	2,298	6,366	2,336	140	4,086
<b>Total assets</b>	<b>62,781</b>	<b>2,348</b>	<b>6,499</b>	<b>2,626</b>	<b>169</b>	<b>5,160</b>
<b>Total liabilities</b>	<b>63,322</b>	<b>2,354</b>	<b>6,438</b>	<b>2,641</b>	<b>175</b>	<b>5,743</b>
<b>Difference (+/-)</b>	<b>(541)</b>	<b>(6)</b>	<b>61</b>	<b>(15)</b>	<b>(6)</b>	<b>(583)</b>

## Part E - Information on risks and hedging policies

### 2. Internal models and other methodologies for sensitivity analysis

Reference is made to the paragraph "2. Internal models and other methodologies for sensitivity analysis" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, Quantitative information, which is herewith quoted entirely.

### Credit spread risk and Stress test

Reference is made to the paragraphs "Credit spread risk" and "Stress test" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, which is herewith quoted entirely.

Below, end of year Stress test results.

#### Stress Test on Trading book

30 December 2021

#### Scenario

	2021		
	PANDEMIC SCENARIO + SOVEREIGN STRESS		
	PANDEMIC SCENARIO	SEVERE INFLATION	
UniCredit S.p.A.	-11	-11	-24

(€ million)

## Section 3 - Derivative instruments and hedging policies

### 3.1 Trading financial derivatives

#### A. Financial derivatives

#### A.1 Trading financial derivatives: end-of-period notional amounts

(€ million)								
UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
1. Debt securities and interest rate indexes	46,295	200,730	26,472	1,816	42,191	211,991	22,435	948
a) Options	-	9,437	3,101	25	-	8,939	3,013	-
b) Swap	46,295	191,293	20,464	-	42,191	203,052	19,082	-
c) Forward	-	-	-	-	-	-	7	-
d) Futures	-	-	2,907	1,791	-	-	333	948
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	-	9,246	7	-	-	34,570	16	-
a) Options	-	9,246	7	-	-	34,570	16	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Gold and currencies	-	68,294	4,159	-	-	67,912	3,306	-
a) Options	-	7,968	1,279	-	-	8,377	874	-
b) Swap	-	14,599	79	-	-	13,754	68	-
c) Forward	-	45,727	2,801	-	-	45,781	2,364	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	-	5,088	410	-	-	3,069	272	-
5. Other	-	-	-	-	-	-	-	-
Total	46,295	283,358	31,048	1,816	42,191	317,542	26,029	948

(€ million)

## Part E - Information on risks and hedging policies

## A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

(€ million)

TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
1. Positive fair value								
a) Options	-	411	26	-	-	416	46	-
b) Interest rate swap	1,301	3,606	293	-	415	3,363	572	-
c) Cross currency swap	-	1,132	-	-	-	806	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	588	47	-	-	852	42	-
f) Futures	-	-	-	1	-	-	-	-
g) Other	-	1,276	60	-	-	259	21	-
Total	1,301	7,013	426	1	415	5,696	681	-
2. Negative fair value								
a) Options	-	160	55	-	-	249	35	-
b) Interest rate swap	1,747	3,747	22	-	344	4,370	6	-
c) Cross currency swap	-	1,135	13	-	-	822	11	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	541	21	-	-	811	34	-
f) Futures	-	-	-	11	-	-	1	1
g) Other	-	1,158	177	-	-	262	18	-
Total	1,747	6,741	288	11	344	6,514	105	-

## Part E - Information on risks and hedging policies

## A.3 OTC trading financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2021			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	2,922	1,475	22,074
- Positive fair value	X	-	43	260
- Negative fair value	X	2	-	31
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	-	-	7
- Positive fair value	X	-	1	5
- Negative fair value	X	-	-	18
<b>3) Gold and currencies</b>				
- Notional amount	X	340	18	3,802
- Positive fair value	X	-	-	57
- Negative fair value	X	-	-	59
<b>4) Commodities</b>				
- Notional amount	X	-	-	410
- Positive fair value	X	-	-	60
- Negative fair value	X	-	-	178
<b>5) Other</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	46,295	166,575	19,551	14,605
- Positive fair value	1,301	2,784	348	505
- Negative fair value	1,747	3,284	332	160
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	9,246	-	-
- Positive fair value	-	285	-	-
- Negative fair value	-	67	-	-
<b>3) Gold and currencies</b>				
- Notional amount	-	53,707	6,308	8,277
- Positive fair value	-	1,126	56	631
- Negative fair value	-	1,478	89	171
<b>4) Commodities</b>				
- Notional amount	-	2,781	565	1,743
- Positive fair value	-	945	7	326
- Negative fair value	-	485	115	560
<b>5) Other</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

## A.4 OTC financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	OVER 1 YEAR UP TO 5 YEARS			
	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates	61,709	152,542	59,245	273,496
A.2 Financial derivative contracts on equity securities and stock indexes	1,345	6,166	1,742	9,253
A.3 Financial derivative contracts on exchange rates and hold	53,459	14,767	4,229	72,455
A.4 Financial derivative contracts on other values	4,586	904	9	5,499
A.5 Other financial derivatives	-	-	-	-
<b>Total 12.31.2021</b>	<b>121,099</b>	<b>174,379</b>	<b>65,225</b>	<b>360,703</b>
<b>Total 12.31.2020</b>	<b>131,077</b>	<b>186,244</b>	<b>68,443</b>	<b>385,764</b>

## Part E - Information on risks and hedging policies

### B. Credit derivatives

No data to be disclosed.

### 3.2 Hedging policies

#### Qualitative information

Hedging transactions are used to manage the exposure to market risks and volatility of financial outcomes that arise as part of our normal business operations and are executed in accordance with internal policies.

Derivatives are mainly used to manage the banking book interest rate risk with the following goals:

- to reduce banking book interest rate risk profile according to *Risk Appetite Framework* approved by the Board of Directors and limits defined by relevant Committees or risk functions. Within *Risk Appetite Framework*, the banking book exposure to interest rate risk is defined either in terms of *Net Interest Income Sensitivity* or *Economic Value Sensitivity*;
- to optimise the natural hedge between the risk profile of assets and liabilities using derivatives to manage the mismatch, even temporary, between the volume and the rates of assets and liabilities with different repricing schedules;
- to minimise the net exposure of derivatives used as economic hedges of the most stable portion of either assets or liabilities subject to hedge accounting, thereby reducing the associated transaction cost.

#### A. Fair value hedging activities

The objective of fair value hedge on assets/liabilities is to hedge the exposure to changes in fair value coming from the embedded risk factor subject to a hedging transaction.

The fair value hedge is applied both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, fixed rate loans and non-maturity deposits or other fixed rate liabilities).

The hedging relationship is classified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

The hedging strategy on identified financial instruments classified as *Held-to-Collect* (HTC) and *Held-to-Collect & Sell* (HTCS) considers the contractual features of each instruments and business intent.

The hedging strategy on portfolios of financial instruments refers to the amounts of money contained in the portfolio of interest rate exposures that are not already subject to "micro/specific" hedging and mirrors to the nominal amount and financial conditions of hedging derivatives.

The objective of fair value hedge on assets/liabilities denominated in foreign currency could refer to hedge the exposure to changes in fair value by converting to Euro denominated assets/liabilities.

The hedging instruments used mainly consist of interest rate swaps, basis swaps, caps, floors, and cross currencies swaps.

#### B. Cash flow hedging activities

The objective of cash flow hedge on floating rate assets/liabilities is to hedge the exposure to changes in cash flows from borrowings/lending that bear a floating interest rate.

The hedging relationship is classified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

The hedging instruments used mainly consist of interest rate swaps, caps, floors, cross-currency swaps with a maturity up to 20-30 years for some commercial hedged assets.

#### C. Foreign net investments hedge activities

No hedging strategy is in place on an investment in entities whose functional currency differs from the Bank's functional currency.

The Bank put in place some economic hedges on forecasted foreign currency revenues stemming from those entities. The objective of the economic hedge is to reduce the volatility on the income statement coming from the foreign exchange risks. FX risk on forecasted foreign currency revenues is continuously monitored and hedging strategies are periodically assessed. The hedging strategy and the percentage to be hedged is defined on a case-by-case basis considering, inter alia, the diversification effect and taking into account the volatility and correlation in the FX rates.

## Part E - Information on risks and hedging policies

The derivatives used mainly consist of currency options. These derivatives may not or should not qualify for hedge accounting even though achieve substantially the same economic results. The impact of economic hedge is accounted in the item "80. Net gains (losses) on trading".

### *D. Hedging instruments and E. Hedging elements*

Prospective hedge effectiveness is established by the fact that all derivatives must, at inception, have the effect of reducing interest rate risk in term of *Economic Value Sensitivity* (Fair Value Hedge) or *Net Interest Income Sensitivity* (Cash Flow Hedge) in the specific/portfolio of hedged underlyings.

Retrospectively the hedge effectiveness is quarterly measured by referring to the most stable portion of assets/liabilities using a portfolio hedge approach or by referring to the portion of risk being hedged using a micro/specific approach.

Sources of ineffectiveness comes from (i) the Euribor vs Eonia/€STER basis for hedging derivatives transactions subject to a collateral agreement, (ii) Credit/Debit Value and Funding Value adjustment impacting derivative transactions fair values, (iii) shortfall arising in the underlying's specifically associated with that hedge in term of nominal or reverse sensitivity due to prepayment or default on commercial assets or withdrawals on liabilities included such as commercial non-maturity deposits and are presented in item "90. Net gains (losses) on hedge accounting".



## Part E - Information on risks and hedging policies

## Quantitative information

## A. Cash flow hedging derivatives

## A.1 Hedging financial derivatives: end-of-period notional amounts

(€ million)

(€ million)

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2021				AMOUNTS AS AT 12.31.2020			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
1. Debt securities and interest rate indexes	4,836	382,687	78,592	-	3,318	320,482	119,787	-
a) Options	-	13,242	-	-	-	9,459	-	-
b) Swap	4,836	369,445	2,498	-	3,318	311,023	1,282	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	76,094	-	-	-	118,505	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Gold and currencies	-	32,007	-	-	-	23,445	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	32,007	-	-	-	23,445	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	4.836	414.694	78.592	-	3.318	343.927	119.787	-

## A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

AMOUNT AS AT 12.31.2021					AMOUNT AS AT 12.31.2020					AMOUNT AS AT 12.31.2021	AMOUNT AS AT 12.31.2020
POSITIVE AND NEGATIVE FAIR VALUE					POSITIVE AND NEGATIVE FAIR VALUE						
OVER THE COUNTER				ORGANISED MARKETS	OVER THE COUNTER						
WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES		WITHOUT CENTRAL COUNTERPARTIES			ORGANISED MARKETS			
CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT				
TYPE OF DERIVATIVES									CHANGES IN VALUE USED TO CALCULATE HEDGE INEFFECTIVENESS		
1. Positive fair value											
a) Options	-	114	-	-	-	116	-	-	-	-	
b) Interest rate swap	4	3,552	-	-	4	5,165	-	-	-	-	
c) Cross currency swap	-	653	-	-	-	734	-	-	-	-	
d) Equity swap	-	-	-	-	-	-	-	-	-	-	
e) Forward	-	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	38	-	-	-	114	-	-	-	
g) Other	-	-	-	-	-	-	-	-	-	-	
Total	4	4,319	38	-	4	6,015	114	-	-	-	
2. Negative fair value											
a) Options	-	126	-	-	-	164	-	-	-	-	
b) Interest rate swap	27	4,266	-	-	55	4,661	-	-	-	-	
c) Cross currency swap	-	374	-	-	-	1,025	-	-	-	-	
d) Equity swap	-	-	-	-	-	-	-	-	-	-	
e) Forward	-	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	51	-	-	-	126	-	-	-	
g) Other	-	-	-	-	-	-	-	-	-	-	
Total	27	4,766	51	-	55	5,850	126	-	-	-	

## Part E - Information on risks and hedging policies

## A.3 OTC hedging financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2021			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	78,592	-	-
- Positive fair value	X	38	-	-
- Negative fair value	X	51	-	-
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>4) Commodities</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>5) Other</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	4,836	382,150	537	-
- Positive fair value	4	3,649	17	-
- Negative fair value	27	4,335	57	-
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	-	31,250	757	-
- Positive fair value	-	602	51	-
- Negative fair value	-	374	-	-
<b>4) Commodities</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>5) Other</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

## A.4 OTC hedging financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY		UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates		159,050	220,206	86,859	466,115
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivative contracts on exchange rates and gold		6,607	14,439	10,961	32,007
A.4 Financial derivative contracts on other values		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
<b>Total 12.31.2021</b>		<b>165,657</b>	<b>234,645</b>	<b>97,820</b>	<b>498,122</b>
<b>Total 12.31.2020</b>		<b>171,541</b>	<b>221,186</b>	<b>74,304</b>	<b>467,031</b>

## Part E - Information on risks and hedging policies

### B. Hedging credit derivatives

No data to be disclosed.

### C. Non hedging instruments

Note that, as provided by the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments) the present table is not disclosed as the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

### D. Hedging instruments

Note that the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

In this context the following table provides the required information about hedged instruments.

#### Micro hedging and macro hedging: breakdown by hedged item and risk type

	AMOUNT AS AT 12.31.2021	
	MICRO HEDGE: CARRYING AMOUNT	MACRO HEDGE: CARRYING AMOUNT
(€ million)		
<b>A) Fair value hedge</b>		
<b>1. Assets</b>		
<b>1.1 Financial assets measured at fair value through other comprehensive income</b>	<b>32,237</b>	<b>-</b>
1.1.1 Interest rate	32,237	X
1.1.2 Equity	-	X
1.1.3 Foreign exchange and gold	-	X
1.1.4 Credit	-	X
1.1.5 Other	-	X
<b>1.2 Financial assets measured at amortised cost</b>	<b>35,120</b>	<b>1,358</b>
1.2.1 Interest rate	35,120	X
1.2.2 Equity	-	X
1.2.3 Foreign exchange and gold	-	X
1.2.4 Credit	-	X
1.2.5 Other	-	X
<b>2. Liabilities</b>		
<b>2.1 Financial liabilities measured at amortised costs</b>	<b>-</b>	<b>660</b>
2.1.1 Interest rate	-	X
2.1.2 Equity	-	X
2.1.3 Foreign exchange and gold	-	X
2.1.4 Credit	-	X
2.1.5 Other	-	X
<b>B) Cash flow hedge</b>		
<b>1. Assets</b>	<b>-</b>	<b>X</b>
1.1 Interest rate	-	X
1.2 Equity	-	X
1.3 Foreign exchange and gold	-	X
1.4 Credit	-	X
1.5 Other	-	X
<b>2. Liabilities</b>	<b>-</b>	<b>X</b>
2.1 Interest rate	-	X
2.2 Equity	-	X
2.3 Foreign exchange and gold	-	X
2.4 Credit	-	X
2.5 Other	-	X
<b>C) Hedge of net investments in foreign operations</b>	<b>-</b>	<b>X</b>
<b>D) Portfolio - Assets</b>	<b>X</b>	<b>-</b>
<b>E) Portfolio - Liabilities</b>	<b>X</b>	<b>-</b>

## Part E - Information on risks and hedging policies

### E. Effects of hedging policy at equity

This table has to be filled in only by entities that apply IFRS9 hedge accounting rules.

### 3.3 Other information on derivatives instruments (trading and hedging)

#### A. Financial and credit derivatives

##### A.1 OTC financial and credit derivatives: net fair value by counterparty

No data to be disclosed.

## Section 4 - Liquidity risk

### Qualitative information

Reference is made to the paragraph "A. General aspects, operational processes and methods for measuring liquidity risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.4 Liquidity risk, Qualitative information, which is herewith quoted entirely.

The only difference is related with the amount of material outflows due to deterioration of own credit quality, included in the components of the Liquidity Coverage Ratio, which for UniCredit S.p.A. is equal to €8,986 million as at 31 December 2021.

### Quantitative information

#### 1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2021									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
<b>A. On-balance sheet assets</b>	<b>16,891</b>	<b>10,444</b>	<b>4,072</b>	<b>10,552</b>	<b>15,389</b>	<b>16,356</b>	<b>27,368</b>	<b>127,781</b>	<b>73,943</b>	<b>14,694</b>
A.1 Government securities	24	-	89	495	412	2,473	7,255	40,184	17,150	-
A.2 Other debt securities	42	71	91	188	54	293	693	9,362	11,706	23
A.3 Units in investment funds	1,565	-	-	-	-	-	-	-	-	-
A.4 Loans	15,260	10,373	3,892	9,869	14,923	13,590	19,420	78,235	45,087	14,671
- Banks	2,039	2,891	241	1,254	657	1,145	1,943	1,762	189	14,662
- Customers	13,221	7,482	3,651	8,615	14,266	12,445	17,477	76,473	44,898	9
<b>B. On-balance sheet liabilities</b>	<b>215,596</b>	<b>22,129</b>	<b>7,580</b>	<b>7,267</b>	<b>9,413</b>	<b>13,166</b>	<b>7,662</b>	<b>77,846</b>	<b>19,155</b>	<b>-</b>
B.1. Deposits and current accounts	200,689	1,465	1,584	1,097	248	416	52	21	2	-
- Banks	3,063	1,438	1,583	1,039	206	376	49	21	-	-
- Customers	197,626	27	1	58	42	40	3	-	2	-
B.2 Debt securities	20	905	3,111	2,112	1,948	5,637	7,197	25,312	16,408	-
B.3 Other liabilities	14,887	19,759	2,885	4,058	7,217	7,113	413	52,513	2,745	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	7	9,813	10,490	7,962	36,618	11,819	28,972	40,584	15,381	-
- Short positions	8	9,827	6,807	47,870	17,201	11,197	11,886	40,467	15,363	-
C.2 Financial derivatives without capital swap										
- Long positions	6,560	298	302	698	2,361	3,160	5,571	-	-	-
- Short positions	6,612	321	196	515	3,091	2,456	6,586	-	-	-
C.3 Deposits and loans to be received										
- Long positions	5	22,179	2	-	368	1,361	811	65	-	-
- Short positions	-	14,768	2	4,352	1,997	1,976	1,563	130	-	-
C.4 Commitments to disburse funds										
- Long positions	14	5,915	-	210	302	683	1,270	3,379	2,013	-
- Short positions	13,780	1	-	-	5	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	40	-	-	4	7	28	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2021									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
<b>A. On-balance sheet assets</b>	<b>16,148</b>	<b>9,971</b>	<b>3,906</b>	<b>9,845</b>	<b>14,616</b>	<b>15,160</b>	<b>24,685</b>	<b>118,406</b>	<b>69,770</b>	<b>14,688</b>
A.1 Government securities	21	-	89	495	409	2,279	5,275	35,894	15,163	-
A.2 Other debt securities	42	71	88	188	47	282	673	8,168	10,320	17
A.3 Units in investment funds	1,336	-	-	-	-	-	-	-	-	-
A.4 Loans	14,749	9,900	3,729	9,162	14,160	12,599	18,737	74,344	44,287	14,671
- Banks	2,038	2,761	211	1,172	566	1,025	1,924	978	189	14,662
- Customers	12,711	7,139	3,518	7,990	13,594	11,574	16,813	73,366	44,098	9
<b>B. On-balance sheet liabilities</b>	<b>210,018</b>	<b>20,477</b>	<b>3,182</b>	<b>5,951</b>	<b>8,585</b>	<b>11,111</b>	<b>7,350</b>	<b>73,695</b>	<b>13,441</b>	<b>-</b>
B.1 Deposits and current accounts	196,053	31	1	513	27	46	14	-	2	-
- Banks	1,881	30	-	506	8	8	12	-	-	-
- Customers	194,172	1	1	7	19	38	2	-	2	-
B.2 Debt securities	20	905	340	2,081	1,921	3,958	6,933	21,191	10,694	-
B.3 Other liabilities	13,945	19,541	2,841	3,357	6,637	7,107	403	52,504	2,745	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	4	5,554	5,494	3,477	25,856	5,589	21,881	28,130	7,076	-
- Short positions	3	5,597	4,841	44,558	10,989	5,096	3,354	23,366	6,257	-
C.2 Financial derivatives without capital swap										
- Long positions	2,984	298	84	697	2,297	2,338	4,767	-	-	-
- Short positions	3,029	279	98	514	2,736	2,047	5,899	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	22,179	-	-	368	1,361	811	65	-	-
- Short positions	-	14,768	-	4,352	1,997	1,976	1,559	130	-	-
C.4 Commitments to disburse funds										
- Long positions	13	5,915	-	210	297	683	1,270	3,358	1,658	-
- Short positions	13,404	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	39	-	-	4	7	28	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2021									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
<b>A. On-balance sheet assets</b>	<b>743</b>	<b>473</b>	<b>166</b>	<b>707</b>	<b>773</b>	<b>1,196</b>	<b>2,683</b>	<b>9,375</b>	<b>4,173</b>	<b>6</b>
A.1 Government securities	3	-	-	-	3	194	1,980	4,290	1,987	-
A.2 Other debt securities	-	-	3	-	7	11	20	1,194	1,386	6
A.3 Units in investment funds	229	-	-	-	-	-	-	-	-	-
A.4 Loans	511	473	163	707	763	991	683	3,891	800	-
- Banks	1	130	30	82	91	120	19	784	-	-
- Customers	510	343	133	625	672	871	664	3,107	800	-
<b>B. On-balance sheet liabilities</b>	<b>5,578</b>	<b>1,652</b>	<b>4,398</b>	<b>1,316</b>	<b>828</b>	<b>2,055</b>	<b>312</b>	<b>4,151</b>	<b>5,714</b>	<b>-</b>
B.1 Deposits and current accounts	4,636	1,434	1,583	584	221	370	38	21	-	-
- Banks	1,182	1,408	1,583	533	198	368	37	21	-	-
- Customers	3,454	26	-	51	23	2	1	-	-	-
B.2 Debt securities	-	-	2,771	31	27	1,679	264	4,121	5,714	-
B.3 Other liabilities	942	218	44	701	580	6	10	9	-	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	3	4,259	4,996	4,485	10,762	6,230	7,091	12,454	8,305	-
- Short positions	5	4,230	1,966	3,312	6,212	6,101	8,532	17,101	9,106	-
C.2 Financial derivatives without capital swap										
- Long positions	3,576	-	218	1	64	822	804	-	-	-
- Short positions	3,583	42	98	1	355	409	687	-	-	-
C.3 Deposits and loans to be received										
- Long positions	5	-	2	-	-	-	-	-	-	-
- Short positions	-	-	2	-	-	-	4	-	-	-
C.4 Commitments to disburse funds										
- Long positions	1	-	-	-	5	-	-	21	355	-
- Short positions	376	1	-	-	5	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	1	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

## Part E - Information on risks and hedging policies

### Section 5 - Operational risk

#### Qualitative information

##### **A. General aspects, operational processes and methods for measuring operational risk**

Reference is made to the paragraph "A. General aspects, operational processes and methods for measuring operational risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

##### **B. Risks arising from legal disputes**

Reference is made to the paragraph "B. Legal risks" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

##### **C. Risks arising from employment law cases**

Reference is made to the paragraph "C. Risk arising from employment law cases" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

##### **D. Risks arising from tax disputes**

Reference is made to the paragraph "D. Risks arising from tax disputes" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

##### **E. Other claims by customers**

Supporting the business structures, the Compliance function oversees the regulatory environment evolution relating to banking services and products in areas like transparency, financial and investment services and anti-usury. Compliance, as control function, develops rules, checks processes and procedures and monitors complaints trends. The Compliance function, along with the Legal one, also supports analysis and evaluation stages of adequacy of potential "customer care" actions or other initiatives designed to compose particular situations in which UniCredit S.p.A. might be involved in order to define them.

Considering the regulatory complexity and interpretations not always homogeneous, UniCredit S.p.A. time-to-time assesses the accounting of provisions for risk and charges, aimed at facing costs, deemed probable, in a contest that has increased the litigiousness at banking system level.

Concerning the financing of consumer credit, the EU Directive 2008/48 establishes that "the consumer shall be entitled at any time to discharge fully or partially his obligations under a credit agreement. In such cases, he shall be entitled to a reduction in the total cost of credit, such reduction consisting of the interest and the costs for the remaining duration of the contract".

Following the decision of the European Court of Justice in September 2019 (judgment C-383/18 referring to the "Lexitor" case) and the communication of the Banca d'Italia issued in December 2020, UniCredit S.p.A. proceeded to adapt to the most recent interpretation of this legislation. Therefore, in the event of a request for early repayment of the loan, the consumer is entitled to pay off his debt net of costs not yet accrued on the repayment date.

In consideration of the above, as well as the interpretations prior to the aforementioned communication of Banca d'Italia, the Bank noted the guidelines issued by the Authority adapting to the framework outlined, and has carried out the appropriate assessments, also to preserve the quality of the customers relationship.

##### **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.p.A. 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 S.p.A. 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.



## Part E - Information on risks and hedging policies

In 2017 UniCredit S.p.A. 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 by the Bank assessing the absence of responsibility for its role as "Introducer"; nevertheless, the AGCM ascertained the responsibility of UniCredit S.p.A. for unfair commercial practice (confirmed in appeal by the Administrative Regional Court in the second half of 2018), imposing, in 2017, a fine of €4 million paid in the same year. The Bank has filed an appeal to the Council of State. With a sentence of 11 March 2021, the Council of State accepted the appeal brought by UniCredit S.p.A. against the fine imposed by reducing the amount of the fine to €2.8 million and sentenced AGCM to return 1.2 million, amount reimbursed in June 2021.

For the sake of completeness, it should be noted that on 8 March 2018, a specific communication was issued from Banca d'Italia concerning the "Related activities exercisable by bank", 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.

As at 31 December 2021, UniCredit S.p.A. received reimbursement requests for a total amount of about €409 million (cost originally incurred by the Clients) from No.12,233 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalization 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 (€409 million), reimbursed No.11,076 customers for about €387 million (equivalent value of original purchases), equal to about 95% of the reimbursement requests said above.

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 €52 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 S.p.A. and other financial institutions aimed at: (i) direct confiscation of the amount of €33 million against UniCredit S.p.A. for the offence of aggravated fraud and (ii) indirect as well as direct confiscation of the amount of €72 thousand for the offence of self-laundering against UniCredit S.p.A. From the seizure order it emerges that investigations for the administrative offence under Art.25-octies of Legislative Decree No.231/2001 are pending against UniCredit S.p.A. for the crime of self-laundering.

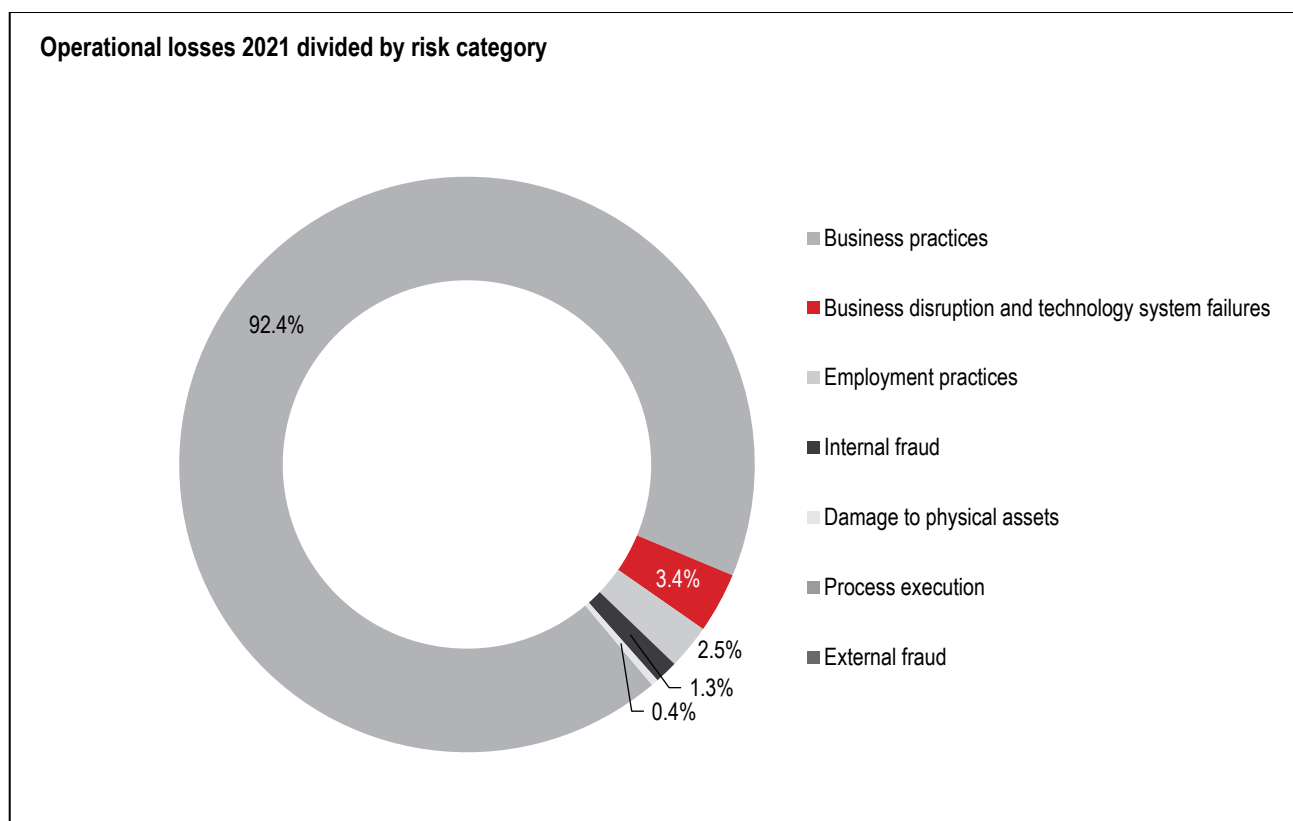
On 2 October 2019, the Bank and certain individuals received the notice of conclusion of the investigations pursuant to Art.415-bis of the Italian Code of criminal procedure. The notice confirmed the involvement of certain current and former employees for the offence of aggravated fraud and self-laundering. 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 Art.415-bis of the Italian Code of criminal procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit S.p.A. 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 and the preliminary hearing has commenced.

## Part E - Information on risks and hedging policies

### Quantitative information

Reference is made to the paragraph “Quantitative information” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, which is herewith quoted entirely.



The categories “Process execution” and “External fraud” are not shown in the chart since they have a positive impact in the reference period due to the effects of recoveries and releases of funds.

In 2021, the main source of operational risk refers to “Business practices”.

The second largest contribution to losses refers to “Business disruption and technology system failures”.

There were also, in decreasing order, losses stemming from “Employment practices”, “Internal fraud” and “Damage to physical assets”.

## Section 6 - Other risks

### Other risks included in Economic capital

Reference is made to the paragraph “Other risks included in Economic capital” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

### Reputational risk

Reference is made to the paragraph “Reputational risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

### Top and emerging risks

Reference is made to the paragraph “Top and emerging risks” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

## Part F - Shareholders' equity

### Section 1 - Shareholders' equity

#### A. Qualitative information

Reference is made to the paragraph "A. Qualitative information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part F - Consolidated shareholders' equity, Section 1 - Consolidated Shareholders' Equity which is herewith quoted entirely.

#### B. Quantitative information

##### B.1 Company shareholders' equity: breakdown

ITEMS/VALUES	AMOUNT AS AT	
	12.31.2021	12.31.2020
<b>1. Share capital</b>	<b>21,133</b>	<b>21,060</b>
<b>2. Share premium reserve</b>	<b>5,446</b>	<b>9,386</b>
<b>3. Reserves</b>	<b>15,131</b>	<b>14,545</b>
- from profits	9,425	9,664
a) legal	1,518	1,518
b) statutory	6,828	7,380
c) treasury shares	-	-
d) other	1,079	766
- other <sup>(*)</sup>	5,706	4,881
<b>4. Equity instruments</b>	<b>6,595</b>	<b>6,841</b>
<b>5. Treasury shares</b>	<b>(199)</b>	<b>(2)</b>
<b>6. Revaluation reserves</b>	<b>793</b>	<b>395</b>
- Equity instruments designated at fair value through other comprehensive income	(260)	(350)
- Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
- Financial assets (different from equity instruments) at fair value through other comprehensive income	407	433
- Property, plant and equipment	698	518
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	(14)	(103)
- Foreign investments hedging	-	-
- Exchange differences	-	-
- Non-current assets and disposal groups classified as held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(87)	(144)
- Actuarial gains (losses) on defined benefit plans	(228)	(236)
- Changes in valuation reserve pertaining to equity method investments	-	-
- Special revaluation laws	277	277
<b>7. Net profit (loss)</b>	<b>10,366</b>	<b>(2,732)</b>
<b>Total</b>	<b>59,265</b>	<b>49,493</b>

Note:

(\*) The sub-item "Reserves - other" includes: i) the "Reserve of treasury shares" (€199 million) for the amount of the shares purchased recognized in the negative component of net equity "Treasury shares" and ii) the unavailable "Reserve for the purchase of treasury shares" (€452 million) for the residual authorized amount for purchases under the "Second Buy-Back Program" not yet carried out at the reference date, originally formed with the withdrawal from the "Share premium reserve" in force of the resolutions of the Ordinary Shareholders' Meeting of 15 April 2021. "Reserves - other" also includes a part of the "Legal reserve" (€2,738 million) also constituted, as resolved by the approval of the Ordinary Shareholders' Meeting of 11 May 2013, 13 May 2014, 4 April 2016 and 15 April 2021, with the withdrawal from the "Share premium reserve".

Shareholders' equity as of 31 December 2021, additionally to the changes in capital explained in detail in the Notes to the accounts, Part B - Balance sheet - Assets, Section 12 - Shareholders' equity, reflects, among the others, the changes resulting from the ordinary Shareholders' Meeting resolutions of 15 April 2021 regarding:

- coverage the entire loss from the 2020 financial year through the use of the Share premium reserve (€2,732 million);
- increase of the Legal reserve (€55 million) withdrawn from Share premium reserve;
- coverage of the negative reserves totaling €449 million, partly buy use of Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€322 million) and partly by use of the Statutory reserve to cover the negative reserve emerged from the cash-out related to the usufruct contract connected to the Cashes financial instruments (€127 million);
- allocation of part of the Share premium (€179 million) reserve to specific unavailable reserve in relation to the amount of treasury shares purchased under the "First Buy-Back Programme" completed on 23 June 2021 with the purchase of No.17,416,128 ordinary shares;
- offset of the item "Treasury shares" (€181 million) by the use of the relevant unavailable reserve due to the cancellation of the shares registered on 4 October 2021;

## Part F - Shareholders' equity

- allocation of part of the Share premium reserve (€652 million) to the specific unavailable reserve for the maximum authorised purchases amount of treasury shares in execution of "Second Buy-Back Programme 2021" initiated on 13 December 2021, which entailed the purchase of UniCredit ordinary shares for €199 million as at 31 December 2021, recorded under the item "Treasury shares".

### B.2 Revaluation reserves of financial assets at fair value through other comprehensive income: breakdown

(€ million)

ASSETS/VALUES	AMOUNT AS AT 12.31.2021		AMOUNT AS AT 12.31.2020	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	429	(22)	466	(33)
2. Equity securities	69	(329)	28	(378)
3. Loans	-	-	-	-
<b>Total</b>	<b>499</b>	<b>(351)</b>	<b>494</b>	<b>(411)</b>

### B.3 Revaluation reserves of financial assets at fair value through other comprehensive income: annual change

(€ million)

ASSETS/VALUES	CHANGES IN 2021		
	DEBT SECURITIES	EQUITY SECURITIES	LOANS
<b>1. Opening balance</b>	<b>433</b>	<b>(350)</b>	<b>-</b>
<b>2. Positive changes</b>	<b>582</b>	<b>102</b>	<b>-</b>
2.1 Fair value increases	405	50	-
2.2 Net losses on impairment	17	X	-
2.3 Reclassification through profit or loss of negative reserves: following disposal	100	X	-
2.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	27	-
2.5 Other changes	60	25	-
<b>3. Negative changes</b>	<b>(608)</b>	<b>(12)</b>	<b>-</b>
3.1 Fair value reductions	(430)	(11)	-
3.2 Recoveries on impairment	(7)	-	-
3.3 Reclassification through profit or loss of positive reserves: following disposal	(168)	X	-
3.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	(2)	-
3.5 Other changes	(3)	1	-
<b>4. Closing balance</b>	<b>407</b>	<b>(260)</b>	<b>-</b>

### B.4 Revaluation reserves to defined benefit plan: annual changes

(€ million)

	CHANGES IN	
	2021	2020
<b>1. Net opening balance</b>	<b>(236)</b>	<b>(222)</b>
<b>2. Positive changes</b>	<b>19</b>	<b>-</b>
2.1 Fair value increase	2	-
2.2 Other changes	17	-
<b>3. Negative changes</b>	<b>(11)</b>	<b>(14)</b>
3.1 Fair value reductions	(11)	(14)
3.2 Other changes	-	-
<b>4. Closing balance</b>	<b>(228)</b>	<b>(236)</b>

## Section 2 - Own funds and regulatory ratios

For information on the regulatory ratios of UniCredit S.p.A. at the reference date and for the comparison with the previous periods refer to the own funds disclosure reported into the UniCredit group disclosure (Pillar III).

## Part G - Business combinations

### Section 1 - Business combinations completed in the year

#### 1.1 Business combinations

Business combinations with counterparties outside the Group are performed using the “purchase method” as required by IFRS3 “Business Combinations”, cited in the disclosure of accounting policies, part A.2 - Main items of the accounts.

In 2021 the Bank did not carry out any business combinations outside the Group.

Within the Group the Bank carried out the cross-border merger by incorporation of the wholly owned subsidiary UniCredit Bank Ireland Public Limited Company into UniCredit S.p.A. on 1 November 2021, in line with the Group's strategic guidelines.

The transaction (Business Combination Under Common Control) was accounted for in accordance with the continuity principle without impacts at consolidated level and with effects retroactive to 1 January 2021 for the allocation of the transactions to the financial statements of the merging company.

### Section 2 - Business Combinations completed after year-end

No business combinations have been completed after year end.

### Section 3 - Retrospective adjustments

No retrospective adjustments have been applied in 2021 on business combinations completed in previous years.

## Part H - Related-party transactions

### Introduction

Reference is made to the paragraph “Part H - Related-party transactions” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, which is herewith quoted entirely.

### 1. Details of Key management personnels' compensation

Details of Key management personnel's 2021 remuneration are given below pursuant to IAS24 and to the Circular No.262 dated 22 December 2005 of Banca d'Italia (and subsequent amendments) requiring that also the Statutory Auditors' compensation be included.

Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Statutory Auditors and, following a change in definition of “key management personnel”, approved by the Board of Directors on 12 October 2021, with the aim to ensure the alignment to the new organization model, the Chief Audit Executive and the Group Executive Committee (GEC) members, body that reports directly to the Chief Executive Officer, excluding the Heads of Group Strategy & Optimization and Group Stakeholder Engagement. Before such date, the aggregate included the other Senior Executive Vice Presidents directly reporting to the Board of Directors or to the Chief Executive Officer.

#### Remuneration paid to key management personnel (including directors)

	(€ million)	
	YEAR 2021	YEAR 2020
a) short-term employee benefits	21	18
b) post-retirement benefits	1	1
of which: under defined benefit plans	-	-
of which: under defined contribution plans	1	1
c) other long-term benefits	-	-
d) termination benefits	15	-
e) share-based payments	13	9
<b>Total</b>	<b>50</b>	<b>28</b>

The information reported above include the compensation paid to Directors (€5 million), Statutory Auditors (€1 million), General Manager (€0.3 million) and other Managers with strategic responsibilities (€13 million), as shown in the document “Information Tables Pursuant Art.84 -quarter “Annual Report - Section II” of the Regulation No.11971 Issued by Consob” attached to the “2021 Group Remuneration Policy”, and about €30 million relating to other costs (the company share of social security contributions, accruals to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The compensation paid shows an increase compared to fiscal year 2020 primarily related to: (i) the fact that 2020 pay levels had been extremely low compared to normal given the severe impacts of the Covid-19 pandemic; (ii) the payment of indemnities related to the termination of employment relationships, linked to the managerial changes that took place in the context of the strategic review carried out during the year; (iii) the need, in compliance with the international accounting standards, to fully charge to 2021 both the Share Award assigned to the new CEO and the costs related to the incentive plans based on financial instruments maintained as “good leaver” by some managers who left the Group during the year.

## Part H - Related-party transactions

### 2. Related-party transactions

The following table sets out the assets, liabilities, guarantees and commitments, for each group of related parties, pursuant to IAS24.

#### Related-party transactions: balance sheet items

(€ million)

	AMOUNTS AS AT 12.31.2021						% ON ACCOUNTS ITEM	SHAREHOLDERS(*)	% ON ACCOUNTS ITEM
	CONTROLLED	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL			
Cash and cash balances	489	-	-	-	-	489	0.67%	-	-
Financial assets at fair value through profit or loss	7,412	-	46	-	-	7,458	37.28%	-	-
a) Financial assets held for trading	4,727	-	-	-	-	4,727	33.91%	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-	-	-	-
c) Other financial assets mandatorily at fair value	2,685	-	46	-	-	2,731	45.94%	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	33,466	-	298	1	-	33,765	12.61%	-	-
a) Loans and advances to banks	11,005	-	-	-	-	11,005	29.45%	-	-
b) Loans and advances to customers	22,461	-	298	1	-	22,760	9.88%	-	-
Hedging derivatives (assets)	4,134	-	-	-	-	4,134	94.77%	-	-
Non-current assets and disposal groups classified as held for sale	-	-	13	-	-	13	0.68%	-	-
Other assets	223	-	-	-	-	223	5.81%	-	-
<b>Total assets</b>	<b>45,724</b>	<b>-</b>	<b>357</b>	<b>1</b>	<b>-</b>	<b>46,082</b>	<b>13.78%</b>	<b>-</b>	<b>-</b>
Financial liabilities at amortised cost	14,739	-	204	3	81	15,027	4.06%	49	0.01%
a) Deposits from banks	13,976	-	-	-	-	13,976	16.20%	7	0.01%
b) Deposits from customers	485	-	204	3	81	773	0.34%	42	0.02%
c) Debt securities in issue	278	-	-	-	-	278	0.48%	-	-
Financial liabilities held for trading and designated at fair value	5,124	-	-	-	-	5,124	28.87%	-	-
Hedging derivatives (liabilities)	4,620	-	-	-	-	4,620	95.40%	-	-
Liabilities associated with disposal groups classified as held for sale	-	-	-	-	-	-	-	-	#DIV/0!
Other liabilities	203	-	6	-	-	209	3.01%	-	-
<b>Total liabilities</b>	<b>24,686</b>	<b>-</b>	<b>210</b>	<b>3</b>	<b>81</b>	<b>24,980</b>	<b>6.25%</b>	<b>49</b>	<b>0.01%</b>
Guarantees given and commitments	14,120	-	41	-	-	14,161	8.59%	1	-

**Note:**

(\*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

Other assets mandatory at fair value include UniCredit Bank AG's Additional Tier 1 issuances, subscribed by UniCredit S.p.A. in October 2020, for a nominal amount of €1,700 million and evaluated at year end €1,860 million, with a revaluation of €63 million into Profit & Loss and UniCredit Bank Austria AG's Additional Tier 1 issuances, subscribed by UniCredit S.p.A. in December 2021, for a nominal amount of €600 million and evaluated at year end €616 million, with a revaluation of €16 million.

The value of the percentage on accounts item, referred to "Commitments and guarantees given", has been calculated on the total of the tables "1. Commitments and financial guarantees given (different from those designated at fair value)" and "2. Others commitments and others guarantees given" in Notes to the accounts - Part B - Balance sheet - Liabilities - Other information.



## Part H - Related-party transactions

The following table sets out the impact of transactions, for each group of related parties, on income statements, pursuant to IAS24.

### Related-party transactions: profit and loss items

(€ million)

	AMOUNTS AS AT 12.31.2021						% ON ACCOUNTS ITEM	SHAREHOLDERS(*)	% ON ACCOUNTS ITEM
	CONTROLLED	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL			
10. Interest income and similar revenues	(245)	2	62	-	-	(181)	4.11%	-	-
20. Interest expenses and similar charges	899	-	-	-	-	899	72.27%	-	-
<b>30. Net interest margin</b>	<b>654</b>	<b>2</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>718</b>	<b>22.70%</b>	<b>-</b>	<b>-</b>
40. Fees and commissions income	110	-	737	-	-	847	18.27%	64	1.38%
50. Fees and commissions expenses	(180)	-	-	-	-	(180)	33.09%	-	-
<b>60. Net fees and commissions</b>	<b>(70)</b>	<b>-</b>	<b>737</b>	<b>-</b>	<b>-</b>	<b>667</b>	<b>16.30%</b>	<b>64</b>	<b>1.56%</b>
190. Administrative expenses	(889)	-	(2)	-	(3)	(894)	16.44%	-	-
a) Staff costs	17	-	(1)	-	-	16	0.54%	-	-
b) Other administrative expenses	(906)	-	(1)	-	(3)	(910)	36.39%	-	-
230. Other operating expenses/income	134	-	(68)	-	-	66	20.25%	-	-

**Note:**

(\*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

The "Other related-parties IAS" category includes:

- close family members of key management personnel (i.e. those family members who, as is expected, maybe influence, or be influenced by, the person in question);
- companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

With reference to the description of main transactions with related parties, reference is made to the corresponding paragraph "Part H - Related-party transactions" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, which is herewith quoted entirely for the transactions related to UniCredit S.p.A.

## Part I - Share based payments

### A. Qualitative information

#### 1. Description of payment agreements based on own equity instruments

For the part that concern the delivery of UniCredit shares reference is made to the paragraph "1. Description of payment agreements based on own equity instruments" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part I Share-based payments, Qualitative information, which is herewith quoted.

### B. Quantitative information

#### 1. Annual changes

Reference is made to the paragraph "1. Annual changes" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part I - Share-based payments, Quantitative information.

#### 2. Other information

All Share-Based Payment granted after 7 November 2002 whose vesting period ends after 1 January 2005 are included within the scope of the IFRS2.

#### Financial statement presentation related to share based payments

(€ million)

	2021		2020	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
<b>(Costs)/Revenues</b>	<b>(41)</b>		<b>(26)</b>	
- connected to equity-settled plans(1)	(41)		(25)	
- connected to cash-settled plans	-		(1)	
<b>Debts for cash-settled plans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note:**

(1) Includes costs for € 6.5 million related to golden parachute.

## Part L - Segment reporting

Segment reporting of UniCredit S.p.A., parent company of the UniCredit banking group, is provided to the paragraph “Part L - Segment reporting” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts.

## Part M - Information on leases

### Section 1 - Lessee

#### Qualitative information

The Bank in conducting its business, signs lease contracts for which accounts for rights of use that mainly relate to the following type of tangible assets:

- Buildings;
- Others (eg. cars).

These contracts are accounted for in accordance with rules set in accounting standard IFRS16 further detailed in Part A - Accounting policies, A.2 - Main items of the accounts (section to refer to).

The rights of use deriving from these lease contracts are mainly used to provide for services or for administrative purposes and accounted for according to the cost method. If these rights of use are sub-leased to third parties, a financial or operating lease contract is booked based on their characteristics.

As allowed by the accounting standard, the Bank has decided not to account for rights of use or lease liabilities in case of:

- short-term leases, lower than 12 months; and
- lease of low value assets. In this regard, in this respect an asset is considered as low value if its fair value when new is equal to or lower than €5 thousand. This category mainly includes office machines (PCs, monitors, tablets, etc.) as well as fixed and mobile telephony devices.

The lease payments deriving from this type of activity are booked in item "160. Administrative expenses" on an accrual basis.

#### Quantitative information

The book value of the rights of use arising from lease contracts are exposed in Part B - Balance sheet - Assets, Section 8 - Property, plant and equipment of the Notes to the accounts.

During the year, these rights of use resulted in the recognition of depreciations for €171 million of which:

- €165 million relating to buildings;
- €6 million relating to the other category (eg. cars).

In addition, impairment for €20 million has been booked.

With reference to leasing liabilities, the related book value is shown in Part B - Balance sheet - Liabilities, Section 1 - Financial liabilities at amortised cost of the Notes to the accounts (section to refer to).

During the year, these lease liabilities led to the recognition of interest expenses shown in Part C - Income statement, Section 1 - Interests of the Notes to the accounts.

With reference to short-term leases and leases of low value assets, it should be noted that during the year, rentals were accounted for €52 million. It should be noted that such amount also includes VAT on rentals which is not included in the lease liability calculation.

For the purposes of determining the lease term, the Bank considers the non-cancellable period established by the contract, during which the lessee has the right to use the underlying asset as well as any renewal options where the lessee has reasonable expectation to proceed with the renewal. In particular, with reference to contracts that provide the lessee with the option to automatically renew the lease at the end of a first period, the lease term is determined considering elements such as the duration of the first period, the existence of any plan leading to the disposal of the asset leased as well as any other circumstance indicating the reasonable certainty of renewal.

Therefore, the amount of cash flows, not reflected in the calculation of the lease liability, to which the Bank is potentially exposed, is essentially due to the possible renewal of lease contracts and the subsequent extension of the lease term not included in the original calculation of the lease liabilities taking into account the information available and expectations existing as at 1 January 2019 (date of initial application of IFRS16) or on the starting date of the lease.

## Part M - Information on leases

### Section 2 - Lessor

#### Qualitative information

The Bank carries out financial leasing activities associated with the sublease of properties both to other Group's companies and to third parties. These contracts are exposed through the recognition of a credit for financial leases recognised in item "40. Financial assets at amortised cost", of the related income on an accrual basis in item "10. Interest income and similar revenues" and of the impairment for the expected credit loss in item "130. Net losses/recoveries on credit impairment".

Operating leases activities, on the other hand, are essentially attributable to the leasing of owned properties to parties external to the Group.

These contracts are represented through the recognition, on an accrual basis, of the rentals received in item "200. Other operating expenses/income".

#### Quantitative information

##### 1. Balance sheet and Income statement information

With reference to financial lease contracts, the book value of credit for financial leases is shown in Part B - Balance sheet - Assets, Section 4 - Financial assets at amortised cost of these Notes to the accounts.

Such loans determined, during the year, interest income shown in Part C - Income statement, Section 1 - Interests of Notes to the accounts.

With reference to operating lease contracts, it should be noted that the book value of the owned assets granted under operating lease is composed as follows:

- Land: €77 million;
- Buildings: €152 million.

Rentals recognised on an accrual basis during the year for leasing of these activities are shown in Part C - Income statement, Section 14 - Other operating expenses/income of these Notes to the accounts.

##### 2. Financial leases

###### 2.1 Classification for time bucket of Payments to be received and Reconciliation with Lease Loans booked in the Assets

TIME BUCKET	(€ million)	
	12.31.2021	12.31.2020
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	-	-
1 year to 2 years	1	-
2 year to 3 years	2	2
3 year to 4 years	2	3
4 year to 5 years	1	2
Over 5 years	65	74
<b>Total Payments to be received for lease</b>	<b>71</b>	<b>81</b>
<b>RECONCILIATION WITH LOANS</b>		
Unpaid Financial Profits (-)	-	-
Not guaranteed Residual Amount (-)	-	-
<b>Lease Loans</b>	<b>71</b>	<b>81</b>

The value shown in the table represents the gross exposure. This value is decreased by impairment, equal to €1 million, leading to the amount of €70 million shown among the Assets - Section 4 - Financial assets at amortised cost of these Notes to the accounts.

##### 2.2 Other information

With regard to financial leases, the credit risk associated with the contract is managed according to what is stated in Part E - Information on risks and hedging policies, Section 1 - Credit risk of the Notes to the accounts (section to referred to).

The classification of the contract as a finance lease is determined by the fact that the risks and rewards of the leased right of use are transferred to the lessee mainly through contract durations substantially aligned with the useful life of the related right.

## Part M - Information on leases

### 3. Operating leases

#### 3.1 Classification for time bucket of Payments to be received

TIME BUCKET	(€ million)	
	12.31.2021	12.31.2020
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	17	20
1 year to 2 years	17	19
2 year to 3 years	16	19
3 year to 4 years	16	19
4 year to 5 years	14	18
Over 5 years	70	97
<b>Total</b>	<b>150</b>	<b>192</b>

#### 3.2 Other information

There is no further significant information to report compared to the above.







## Annual Financial Statements certification pursuant to art.81-ter of Consob regulation No.11971/99, as amended

1. The undersigned Andrea Orcel (as Chief Executive Officer) and Stefano Porro (as the Manager charged with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art.154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, hereby

**certify:**

- the adequacy in relation to the Legal Entity's features, and
- the actual application

of the administrative and accounting procedures employed to draw up the 2021 Annual Financial Statements.

2. The adequacy of the administrative and accounting procedures employed to draw up the 2021 Annual Financial Statements has been evaluated by applying a model developed by UniCredit S.p.A., in accordance with the "Internal Control - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which represent generally accepted international standards for internal control system and for financial reporting in particular.

3. The undersigned also **certify** that:

3.1 the 2021 Annual Financial Statements:

- a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002, of 19 July 2002;
- b) correspond to the results of the accounting books and records;
- c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer;

3.2 the Report on Operations includes a reliable analysis of the operating trend and results as well as of the situation of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Milan, 15 February 2022

Andrea ORCEL



Stefano PORRO





# Report of the Board of Statutory auditors

(English translation of the Italian original document)

**BOARD OF STATUTORY AUDITORS' REPORT  
TO THE SHAREHOLDERS MEETING OF 8 APRIL 2022  
(PURSUANT TO ART.153 OF ITALIAN LEGISLATIVE DECREE N.58/1998 AND ART.2429, PAR. 2, OF THE ITALIAN CIVIL CODE)**

Dear Shareholders,

the Board of Statutory Auditors (hereinafter, also the "BoSA", the "Control Body") is called to report to the Shareholders' Meeting of UniCredit S.p.A. (hereinafter, also the "Bank", the "Parent company", "UniCredit") on the oversight activity performed during the year and on any detected omissions and censurable facts, pursuant to Art.153 of Italian Legislative Decree No.58/1998 Consolidated Law on Finance (TUF) and Art.2429, paragraph 2, of the Italian Civil Code. The Board of Statutory Auditors is also entitled to make comments and proposals concerning the financial statements, their approval, and all matters within its remit. This report provides the information required by Consob Communication 1025564/2001 as amended and/or supplemented.

During 2021, the Board of Statutory Auditors performed its institutional duties in compliance with the Italian Civil Code, Italian Legislative Decree No.385/1993 Consolidated Law on Banking (TUB), No.58/1998 (Consolidated Law on Finance TUF) and No.39/2010 and subsequent amendments and/or additions, the provisions of the company Bylaws and those issued by the Authorities that exercise supervisory and control activities, also taking into consideration the rules of conduct recommended by the Italian National Board of Certified Public Accountants and Accounting Experts (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

## 1. Appointment and activities of the Board of Statutory Auditors

On 11 April 2019, the Shareholders' Meeting of UniCredit S.p.A. renewed the Board of Statutory Auditors, which had lapsed from office after completing its three-year term, appointing its members for the subsequent period and until the approval of the financial statements at 31 December 2021. These were Mr. Marco Rigotti (Chairman), Ms. Antonella Bientinesi, Mr. Angelo Rocco Bonisconi, Ms. Benedetta Navarra and Mr. Guido Paolucci (Permanent Statutory Auditors). The Statutory Auditors Ms. Antonella Bientinesi, Mr. Angelo Rocco Bonisconi, Ms. Benedetta Navarra and Mr. Guido Paolucci were already present in the previous composition of the BoSA.

The Board of Directors of UniCredit, in its meeting held on 6 February 2019, approved by resolution to charge the Board of Statutory Auditors with the functions of Supervisory Body pursuant to Italian Legislative Decree No.231/2001 as from its aforementioned renewal for the financial years 2019-2021. Until the renewal of the Board of Statutory Auditors, the previous organizational structure was therefore maintained, entrusting these functions to an independent body, specifically set up for this purpose, composed of external members and senior executives of the Company with the task of guidance, support and control functions.

During the year 2021, the Board of Statutory Auditors held overall No.64 meetings with an average duration of about 3 hours, of which No.52 as ordinary session and No.12 acting as 231 Supervisory Body's.

During 2022 and until the date of the present Report, the Board of Statutory Auditors met 12 times (of which No.10 as ordinary session and No.2 acting as 231 Supervisory Body's).

During 2021, the Board of Statutory Auditors attended all the meetings of the Board of Directors. The Shareholders' Meeting held on 15 April 2021 was attended by the Chairman of the Board of the Statutory Auditors - representing the entire Body - due to limitations caused by the Covid-19 epidemiological emergency.

In compliance with the provisions of the "UniCredit - Corporate Bodies and Committees Regulation", the Chairman of the Board of Statutory Auditors - or another Statutory Auditor appointed by him - attends the meetings of the Board Committees, without prejudice to the right of the other Statutory Auditors to attend the meetings.

During 2021, the Chairman of the Board of Statutory Auditors, as a permanent guest, attended all meetings of the Internal Controls & Risks Committee ("IC&RC"); he also attended the meetings of the Corporate Governance & Nomination Committee and the ESG Committee (Environmental, Social, Governance established in April 2021, to which the responsibilities on sustainability, previously assigned to the Corporate Governance, Nomination & Sustainability Committee, since April 2021 becoming the Corporate Governance & Nomination Committee since April 2021, were assigned).

Individual members of the Board of Statutory Auditors (with rotation on a six-month basis) also attended the meetings of the Internal Controls & Risks Committee, the Related Parties Committee, the Remuneration Committee and the ESG Committee. The entire Board of Statutory Auditors attended the meetings of the Internal Controls & Risks Committee when issues of common interest were discussed together with the Manager in charge of preparing the Company's financial statements and the External Auditors (annual and half-yearly financial reports and accounting issues).

# Report of the Board of Statutory auditors

In short, in 2021:

the Chairman Mr. Rigotti attended No.20 meetings of the Internal Controls & Risks Committee, No.19 meetings of the Corporate Governance & Nomination Committee, No.7 meetings of the ESG Committee and No.1 meeting of the Remuneration Committee;  
the Statutory Auditor Ms. Bientinesi attended No.13 meetings of the Internal Controls & Risks Committee, No.4 meetings of the Related Parties Committee, and No.3 meetings of the ESG Committee;  
the Statutory Auditor Mr. Bonisconi attended No.6 meetings of the Internal Controls & Risks Committee, No.6 meetings of the Remuneration Committee, and No.4 meetings of the Related Parties Committee;  
the Statutory Auditor Ms. Navarra attended No.5 meetings of the Internal Controls & Risks Committee, No.5 meetings of the Remuneration Committee, and No.1 meeting of the Related Parties Committee;  
the Statutory Auditor Mr. Paolucci attended No.2 meetings of the Internal Controls & Risks Committee, No.4 meetings of the Remuneration Committee, No.5 meetings of the Related Parties Committee, and No.4 meetings of the ESG Committee.

The members of the Board of Statutory Auditors also participated to the permanent induction program for the members of the Board of Directors, carried out, in some cases, with the support of an external consultant, including, inter alia, recurrent training sessions in order to preserve over time the expertise of technical skills needed to consciously play their role.

In 2021, the training initiatives covered issues of strategic importance, as well as topics related to business and ESG strategies, risks, market development and in-depth analyses of legislative and regulatory insights, with the aim of ensuring knowledge and awareness of the risk profile assumed by the Group.

## 2. Group activities development operations and other corporate transactions

As stated in the Consolidated Annual Report, the macroeconomic context in which the Group worked in 2021 was characterized by the encouraging signs of recovery compared with the prior year, supported by government's measures sustaining the economy, by vaccination campaigns and by the progressive slowing-down of the lockdown measures to contain the Covid-19 pandemic.

The adequate operative answer ensured by the Group during 2020 (as already noted by the Board of Statutory Auditors in its Report to the Shareholders' Meeting of 15 April 2021), to face the crisis emerging from the Covid -19 pandemic, allowed in 2021 to continue to effectively pursuing the strategic priorities of the "Team 23" Strategic Plan communicated in December 2019.

However, the profoundly changed economic scenario following the pandemic, the resulting reprioritization of some of the strategic guidelines, as well as the appointment of the new Managerial Team, led during 2021 to the development of a **new Strategic Plan "UniCredit Unlocked"** (hereinafter, also the "Plan") for the three-year period 2022-2024.

The aim of such Plan is to optimize the Group's current set-up and define a clear long-term program, moving towards a new era of growth and value creation for all stakeholders.

In detail, the Plan, presented to the financial community on 9 December 2021, pursues the following strategic objectives:

Grow in the reference geographical areas and develop the client franchise, changing the Group's business model, and operating methods: selective growth, with respect to both existing and new clients;

- development of best-in-class products and services: either in house or with external partners;
- business growth based on low capital absorption, focusing on value-added products and services for clients;
- targeted cost efficiency to fund investments and ensure operating lever.

Achieve economies of scale from the Group's banks network, through a transformation of technology leveraging on Digital & Data and operating with a view towards sustainability:

achieve the full integration of the 13 Group's banks;

- empowering the local banks within clear risk and behavior framework, limiting the central steering to those activities where it can actually add value;
- redesign operating model by re-insourcing the strategic competencies;
- adopting a new client oriented working model and based on common platforms;
- equipping the Group with all necessary tools to support customers and communities in the transition to a more sustainable way of operating, both for the environment and for the society.

*Drive financial performance via three interconnected levers under full management control:*

- further reducing the cost base of 2024, excluding the impact of new significant investments expected in Digital & Data and Business and the inflation;
- generate organic capital growth thanks to higher profitability and capital low capital absorption model, to optimal capital allocation and active portfolio management driven by RoTE maximization (Return on Tangible Equity);
- increase of revenues excluding LLPs to achieve a profitability above the cost of equity, mostly driven by fees and a recovery of market share.

## Report of the Board of Statutory auditors

*Allow, through the new business model, a strong organic generation of capital with materially increased and progressively growing Shareholders' distribution, while maintaining or exceeding a CET1 ratio target of 12.5-13%:*

- it is expected a Shareholder distribution of at least €16 billion total for 2021-2024, with yearly distributions being consistent with the organic capital generation of each relevant financial year (such goal might be influenced by the possible consequences of Russia's recent military invasion of Ukraine, as explained below).

In this context, the Board of Statutory Auditors noted from time to time, through the information acquired in its meetings and the related analyses carried out, as well as by attending the meetings of the Board of Directors, the guidelines and assumptions underlying the Plan definition, observing a strong transformative value and potentiality aimed at achieving long-term sustainable growth, by relaunching and strengthening the business, focusing on the digitalization and valorization of the economies of scale which are intrinsic to the Group's Banks.

In light of the above, the Board of Statutory Auditors considers that the implementation modalities and execution of the measures defined with the new Strategic Plan are of key importance to its success, and therefore hopes that the entire Managerial Team will maintain constant focus on it.

The minimum capital requirements applicable to the Group as at 31 December 2021 in coherence with CRR article 92 are the following (Pillar 1):

- Common Equity Tier 1 Capital: 4,50%
- Tier 1 Capital: 6,00%
- Total capital: 8,00%

In addition to such requirements, for 2021 the Group shall also meet the following additional requirements:

1.75%, required Pillar 2 Capital Requirement (P2R) consistent with SREP results, confirmed following the communication received from the European Central Bank (ECB) in relation to the completion of the 2021 Supervisory Review and Evaluation Process (SREP);

2.50%, as Capital Conservation buffer (CCB), according to CRDIV article 129;

1.00%, as Global Systemically Important Institutions (G-SII) buffer;

0.05%, as Countercyclical Capital buffer (CCyB) according to the CRDIV article 130, to be calculated on a quarterly basis.

On 3 February 2022 UniCredit informed that, following the communication received from the European Central Bank (ECB) in relation to the completion of the 2021 Supervisory Review and Evaluation Process (SREP), UniCredit's Pillar 2 Capital Requirement (P2R) is confirmed at 175bps. Starting from 1 March 2022, UniCredit is required to comply with the following overall capital requirements on a consolidated basis, unchanged from those previously applied, and equal to:

- Common Equity Tier 1 Capital: 9.03%
- Tier 1 Capital: 10.86%
- Total Capital: 13.30%

As at 31 December 2021, UniCredit group's ratios are compliant with all the above requirements.

With reference to the results of the 2021 financial year, the Group managed to benefit from the economic and financial context characterized by the first clear signs of post-pandemic recovery, recording a consolidated net profit of €1,540 million (€ 10,366 million for UniCredit S.p.A.) compared to the consolidated loss of -€2,785 million realized in 2020 (-€2,690 for UniCredit S.p.A.).

The above-mentioned consolidated net profit is recognized in the Own Funds for €366 million (€9,192 million for UniCredit S.p.A.) resulting after the cash distribution approved by the Board of Directors for €1,170 million through cash dividend, and €4 million for social and charity initiatives.

Consistent with the 2022-2024 Plan, which provides for a profit distribution of at least €16 billion over the next four years in a sustainable manner, therefore with annual distribution in line with the organic generation of capital for each respective reporting year, the Shareholders' remuneration proposal for 2021 consists of a cash dividend for €1,170 million, equal to circa 30% of the Underlying Group Net Profit, and of Share Buy Backs (SBB) up to €2,580 million, for a total amount up to €3,750 million.

Specifically, in relation to the possible consequences of the large-scale military invasion of Ukraine by Russia which began on 24 February 2022, in a press release dated 8 March 2022, UniCredit provided information on the Group's Russian exposures and the possible impact on the CET1 ratio in the event that the entirety of maximum exposure is non-recoverable and zeroed, explaining how the impact on UniCredit's 2021 year end CET1 ratio (15.03% including the cash dividend mentioned above, but not the share buy-back component as subject to ECB authorization) would be around 200bps, thus not falling below 13%. The Board of Directors declared its intention to carry out the share buyback up to the amount of €2,580 million to the extent that this is compatible with a pro forma 2021 year-end CET1 remaining above 13.0%, considering the ultimate capital impact from Russian exposures. The Board of Directors also confirmed that the target CET1 capital ratio remains within the range of 12.5-13.0%.

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The Board of Directors' Explanatory Report to the Shareholders' Meeting called to approve the authorization of the share buyback for the purpose of remunerating Shareholders therefore states that the execution of the share buyback will be subject to maintaining UniCredit's pro-forma 2021 CET1 ratio above 13.0%, specifying that the share buyback program covered by the request for authorization may not be carried out, or may only be partially carried out.

Please note that the ECB's recommendation on dividend distribution (ECB/2020/62, issued on 15 December 2020), referring to the exceptional circumstances in the context of the Covid-19 outbreak, impacted the ordinary distribution on 2020 results. The restrictions remained in place until 30 September 2021, following ECB/2021/31 Recommendation issued on 23 July 2021, and are therefore not applicable to accrued dividends on 2021 results.

The Consolidated Report discloses the capital strengthening actions carried out during 2021, through transactions on Additional Tier 1 instruments (so-called "Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes" accounted for in the "Capital Instruments" item of the shareholders' equity).

It should be noted that the Group's net profit was negatively impacted by the accounting of some non-recurring items amounting, net of taxes and minority interest, to a negative amount of -€2,361 million; particularly were recorded:

- with negative impact: -€1,644 million related to the sale on the market of 2% of the participation in Yapi ve Kredi Bankasi A.S. ("Yapi"), and to the deconsolidation of the remaining quota of 18%, as a consequence of the loss of significant influence resulting from the withdrawal of the 2 UniCredit representatives from the Board of Directors of Yapi also considering the FX hedging effects on foreign exchange risk; -€554 million related to classification under disposal of the leasing legal entities in Italy, Germany and Slovenia, -€370 million from additional loan loss provisions following the update of the internal calculation models derived from the implementation of the European regulation, -€735 million for severances in Italy, Germany and Austria, -€221 million for other integration costs;
- with positive impact, €1,164 million related to the recognition with reference to the Italian fiscal perimeter of new Deferred Tax Assets (DTA) from tax loss carry forward derived from the update of the sustainability test also based on the new Strategic Plan projection.

With regard to **the transactions and initiatives involving shareholdings**, described in the financial statements report, please note the following:

## **Information about Yapi Ve Kredi Bankasi A.S.**

At the end of October 2021, the UniCredit S.p.A. Board of Directors approved the disposal of up to the entire shareholding in Yapi.

UniCredit delivered therefore a right of first offer notice to Koç Holding A.S., pursuant to the share purchase agreement signed in 2019, and the Koç Holding A.S. confirmed to UniCredit the irrevocable decision to exercise the right of first offer for a 18% stake.

As a result, UniCredit: (i) has reclassified 20% stake as held for sale (IFRS5); (ii) has disposed 2% stake in Yapi on the market; and (iii) deconsolidated the remaining 18% stake as held for sale subsequently the loss of significant influence. Considering the binding commitment subject only to regulatory approvals in the jurisdictions concerned, the completion of the sale of such remaining stake is expected to occur in the first quarter of 2022.

## **Disposal of SIA UniCredit Leasing**

On 4 January 2021, UniCredit completed the disposal of SIA UniCredit Leasing and its subsidiary SIA UniCredit Insurance Broker to AS Citadele Banka. The investment was classified among held for sale (IFRS5) as at 31 December 2020.

The transaction had a low single digit positive impact on the consolidated CET1 ratio. The intragroup debt exposure has been fully reimbursed at closing.

## **Acquisition of the entire stake in Cordusio SIM**

On 30 April 2021, following the execution of a call Option on the minority stake held by some private bankers, UniCredit completed the acquisition of the remaining shareholding (2.88%) in Cordusio SIM S.p.A., reaching the 100% ownership.

## **Merger by incorporation of UniCredit Bank Ireland Public Limited Company in UniCredit S.p.A.**

In order to simplifying the Group's structure and ensure greater efficiency optimizing the economic, management and financial structure, the cross-border merger for the incorporation of UniCredit Bank Ireland Public Limited Company into UniCredit S.p.A., after having received the required authorization by European Central Bank, was carried out on 1 November 2021 with retroactive accounting effect to 1 January 2021.

In relation to the aforementioned transactions and the other transactions described in the Consolidated Annual Report, including the initiatives of disposal of non-performing loan portfolios, the Board of Statutory Auditors, based on the analyses carried out and the information obtained, including through attendance at the Board of Directors' meeting and examination of the related documentation, and based on the information available, can reasonably consider the transactions themselves compliant with the law and the Bank's Articles of Association and not manifestly imprudent, risky, contrary to the resolutions of the Shareholders' Meeting, or such as to compromise the integrity of the corporate assets.



## Report of the Board of Statutory auditors

### 3. Atypical or unusual transactions

The financial statements report, the information received during the meetings of the Board of Directors and the information provided by the Chairman, the CEO, the Management, the Head of Internal Audit, the direct subsidiaries' Boards of Statutory Auditors, and the External Auditor revealed no atypical or unusual transactions, carried out with third parties, related parties or intragroup.

### 4. Related-party transactions

#### **Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA"**

At its meeting held on 8 June 2021, the Board of Directors - subject to the binding opinion of the Related Parties Committee and the Board of Statutory Auditors - approved the updated version of the internal regulations ("Global Policy") on the management of transactions with parties in conflict of interest called "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA".

The yearly update of the Policy was necessary in order to consider the experience and application practices gained over time, as well as the changes made in the sector regulations, with specific reference to the update approved by CONSOB (Resolution No.21624 dated 10 December 2020) on CONSOB Regulation 17221/2010 implementing the so-called "Shareholders' Rights I" Directive, effective from 1 July 2021. The indications and recommendations emerging from the results of the assessment activity carried out by Internal Audit on the management process of transactions with related parties and formalized in the Audit Report "Global View - Related Parties management process" of 30 June 2020 were also noted.

The financial statements report contains information relating to related-party transactions, together with the related certifications (pursuant to paragraph 8 of article 5 of the Consob Regulation containing the provisions on related-party transactions adopted by resolution No.17221/2010 and subsequent amendments ruling "Public information on related-party transactions"). In particular, by stating that:

- according to the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA" adopted by the Board of Directors of UniCredit S.p.A. on 8 June 2021 and published on the website [www.unicreditgroup.eu](http://www.unicreditgroup.eu), during 2021, the Bank's Presidio Unico received no reports of transactions of greater importance ended in the period;
- during 2021, no transactions with related parties as defined by article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions and materially affecting the Group's financial and economic situation;
- during 2021, there were no changes or developments in the individual transactions with related parties already described in the previous annual report that had a material effect on the Group's financial position or results during the reference period.

### 5. Oversight of the external audit activity

Directive 2014/56/EU Art.28 amended Directive 2006/43/EC concerning external audit and was transposed in Italy with Legislative Decree No.135/2016, which updated Italian Legislative Decree No.39/2010. Regulation (EU) 537/2014 of 16 April 2014, Art.10 (hereafter also the "Regulation") defines the specific requirements of the audit report for public interest entities.

The financial statements of UniCredit S.p.A. of the Company and the consolidated financial statements as at 31 December 2021, are audited by the External Auditors Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010, and in execution of the Shareholders' resolution of 11 May 2012. The financial statements of the other Group companies are audited by Deloitte & Touche S.p.A. itself, or by other companies in the Deloitte & Touche Network.

Pursuant to Art.19 of Italian Legislative Decree No.135/2016, during 2021 and up to the date of this Report to the Shareholders, the Board of Statutory Auditors carried out an in-depth monitoring process during all the activity carried out by the External Auditors.

Specifically, the BoSA scheduled a series of specific meetings during the various audit phases, during which it examined, inter alia:

- the 2021 Transparency Report (independent auditing policies and procedures and internal quality control system (practice review);
- the resources and hours budgeted for the 2021 external audit;
- the scope of work, materiality and significant risks 2021;
- the 2021 Audit Plan;
- the 2021 Group Audit timetable.

The Board of Statutory Auditors also analysed the methodology adopted by the External Auditors and acquired the necessary information during the task, with constant interaction on the audit approach used for the various significant areas of the financial statements, sharing the issues related to corporate risks, as well as receiving updates on the progress of the audit and on the main aspects examined by the External Auditor.

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In November 2021, the Board of Statutory Auditors met in two separate sessions with the **Partners of the Deloitte network** in charge of the audits of UniCredit Bank AG (Germany), UniCredit Bank Austria AG, AO UniCredit Bank (Russia) and of the Banks belonging to to the CE&E Division (Central Europe & Eastern Europe, i.e. the banks based in Croatia, Czech Republic Slovakia, Bulgaria, Romania, Serbia, B&H Republic of Srpska, Hungary, Slovenia, B&H - Federation of BiH), as well as of the Italian subsidiaries Cordusio SIM S.p.A., Cordusio Fiduciaria S.p.A., UniCredit Factoring S.p.A., UniCredit Leasing S.p.A., UniCredit Services S.C.p.A., for the usual annual update on the scenario developments in the various countries and on the main results of the respective audit activities.

The Board of Statutory Auditors examined the following reports of the External Auditor Deloitte & Touche S.p.A., whose activity supplements the general framework of the control Functions required by the regulations regarding financial information process:

- the auditing reports issued on 11 March 2022, pursuant to Art. 14 of Italian Legislative Decree 39/2010 and Art. 10 of Regulation (EU) No.537/2014;
- the supplemental report issued on 11 March 2022, pursuant to article 11 of the aforementioned Regulation, to the Board of Statutory Auditors in its capacity as Internal Control and Auditing Committee;
- the annual confirmation of independence, issued on 11 March 2022, pursuant to Art.6, par.2), subpar. a) of the Regulation and pursuant to paragraph 17 of ISA Italia 260.

The aforementioned reports on the audit of the Company financial statements of UniCredit S.p.A. and the consolidated financial statements of the Group highlight that they both provide a truthful and correct representation of the equity and financial situation of UniCredit S.p.A. and of the UniCredit group at 31 December 2021, of the economic performance and cash flow for the year ended on that date, in accordance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in implementation of Art.9 of Italian Legislative Decree No.38/2005 and of article 43 of Italian Legislative Decree No.136/2015.

Furthermore, in the opinion of the External Auditor, the Management Report and some specific information contained in the Report on Corporate Governance and Ownership Structure indicated in article 123-bis, paragraph 4, of Italian Legislative Decree No.58/1998 (Consolidated Law on Finance TUF) are consistent with the financial statements of UniCredit S.p.A. and with the consolidated financial statements of the UniCredit group at 31 December 2021, and are prepared pursuant to the law. With reference to the possible identification of significant errors in the Management Report (article 14, paragraph 2, subparagraph E) of Italian Legislative Decree No.39/2010), the External Auditor declared that there was nothing to report.

The reports on the auditing of the financial statements of UniCredit S.p.A. and the consolidated financial statements show the **key matters** that, according to the professional opinion of the External Auditor, were more significant in the accounting audit of the Company and consolidated financial statements for the year under review [ISA Italy 701]:

- Financial statements of UniCredit S.p.A.
- Recognition of Deferred Tax Assets on tax losses carry forward;
- Classification and valuation of the equity investment in UniCredit Leasing S.p.A.;
- Impairment test of the equity investments in subsidiaries;
- Risk of uncorrected classification and valuation of performing customer loans;
- Risk of uncorrected classification and valuation of non-performing loans to customers ("bad loans" and "unlikely to pay").

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- Recognition of Deferred Tax Assets on tax losses carry forward related to the Italian tax perimeter;
- Classification and valuation of the net assets related to leasing companies in Italy, Germany and Slovenia;
- Risk of uncorrected classification and valuation of performing customer loans;
- Risk of uncorrected classification and valuation of non-performing loans to customers ("bad loans" and "unlikely to pay").

As regards the aforementioned key matters, for which the External Auditor's reports illustrate the related audit procedures adopted, the External Auditor does not express a separate opinion, as the same have been dealt within the audit, and in the assessment of the financial statements as a whole. The aforementioned key matters have been the subject of detailed analysis and updating during the periodic meetings that the Board of Statutory Auditors held with the External Auditor.

The aforementioned reports also contain the Auditor's assessment of compliance with the provisions of the Delegated Regulation 2019/815 (EU) regarding the preparation of the financial statements and consolidated financial statements.

The Board of Statutory Auditors met regularly with the External Auditor, as required by article 150, paragraph 3, of Italian Legislative Decree 58/1998 Consolidated Law on Finance (TUF) for a mutual exchange of information. It informed the Board of Statutory Auditors that there were no censurable actions or facts or irregularities which would have required specific reporting under article 155, paragraph 2, of Italian Legislative Decree 58/1998 (TUF).

Considering the foregoing, the Board of Statutory Auditors deems the process of interaction with the External Auditor to be adequate and transparent. It also believes that the consolidated "two-way dialogue" between the External Auditor and the Bodies responsible for governance on

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the areas of financial statements risk and on the procedures identified to oversee them further supported the role and responsibility of the parties involved in the preparation of the financial statements and in the auditing activities.

With the approval of the UniCredit S.p.A. financial statements and the UniCredit group consolidated financial statements as at 31 December 2021 by the UniCredit S.p.A. Shareholders' Meeting held on 8 April 2022, the statutory audit appointment conferred on May 11 2011, by UniCredit S.p.A. Shareholders' Meeting to Deloitte & Touche S.p.A. ("Deloitte"), for the nine-year period 2013-2021, will expire.

Based on the Reasoned Proposal of the Board of Statutory Auditors made available at the time, the UniCredit Shareholders' Meeting held on 9 April 2020 assigned the audit mandate for the 2022-2030 financial years to KPMG S.p.A. ("KPMG").

As stated in the above-mentioned Reasoned Proposal of the Board of the Statutory Advisors, it was deemed appropriate, at the time, the early appointment of the external auditor, in view of the size and structure of UniCredit group; this is a widespread practice among the main listed entities - and allows, first of all, a more profitable handover between the outgoing auditor and the new auditor, as well as the compliance with the time limits set to guarantee the auditor's independence (so-called Cooling in period), and the appointment by the other UniCredit group entities. The Board of Statutory Auditors already met with KPMG in February 2022 and acknowledged the activities already carried out by the latter as the new auditor aimed at acquiring full knowledge of the Group and starting the review of the quarterly report for the first quarter of 2022.

### 6. Oversight on the independence of the External Auditors

During the 2021 financial year, pursuant to article 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors verified and monitored the independence of the External Auditor Deloitte & Touche S.p.A., pursuant to articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned decree and article 6 of the Regulation (EU) 537/2014 dated 16 April 2014 ("the Regulation"), specifically with regard to the provision of services other than auditing (so-called "non-audit services") to the audited entity. Furthermore, as previously stated (see previous paragraph), the Board of Statutory Auditors received by Deloitte & Touche the declaration confirming its independence.

Since January 2017, for the purposes of the correct application of the Regulation, the Bank has adopted an internal regulation containing operating instructions addressed to all the companies of the UniCredit group so that they may submit each individual non-audit assignment for the assessment and approval of the Control Body of each Group company (Board of Statutory Auditors, Audit Committee or equivalent Body), and subsequently to the UniCredit S.p.A. Board of Statutory Auditors to issue its final binding prior opinion. The Board of Statutory Auditors also noted the information concerning non-audit services prepared through a preventive and four-monthly flow by the competent Function: pursuant to this process, all the companies of the UniCredit group contributed to the transmission of the data requested and required by internal regulations, to enable the timely monitoring of the costs of the services provided to the External Auditor and by all entities belonging to the Deloitte Network.

The Control Body, together with the Bank's competent Functions, carried out a review of the internal regulations, Global Operational Regulation (GOR), called "Principles and rules for the management of contractual relations with the Group's External Auditors"; it was issued in March 2018, and addressed to all the Group's subsidiaries, prompting specifically the introduction of wider restrictions than those foreseen by the regulations concerning the identification of the non-audit services number that can be assigned to the Group's External Auditor Network.

With the issue of the new version of the aforementioned GOR in March 2020, the Board of Statutory Auditors requested and carried out precise monitoring of its implementation level by the Group companies concerned.

During 2021, the Board of Statutory Auditors examined and made its observations to the competent Functions in relation to the proposed guidelines in order to ensure the independence of both the outgoing External Auditor and the incoming External Auditor, in compliance with EU regulations, during the so-called transition period.

Based on the final 2021 data, the value of the services provided to UniCredit group companies by the Group's External Auditor and the companies belonging to its Network amount to approximately €33.4 million, of which €7.1 million refer to verification/attestation services and €6.4 million to other non-audit services. At the Group level, the costs of non-audit services assigned to the External Auditors decreased by 4% compared to 2020.

With reference to the information concerning only the Parent Company, provided in the statement relating to the "Publication of the remuneration - UniCredit S.p.A. - 2021 financial year - Deloitte Network" the Board of Statutory Auditors notes that, compared to the previous year, the costs of services assigned to the External Auditor remain unchanged, the costs of attestation services, amounting to €3.4 million, decreased compared to the previous year by 6%, while the costs of non-audit services remain equal to about €1 million.

The ratio between the cost of non-audit services provided by Deloitte & Touche S.p.A., External Auditor of the Parent Company, and the three-year average of the audit services (2018-2019-2020) amounted to 23% for 2021, lower than the 70% limit established by internal regulations and applicable external regulations ("fee cap").

With regard to the planning of non-audit services for 2022, KPMG S.p.A. is expected to be assigned services with a total equivalent value of approximately €0.5 million, with a forecast fee cap of 14%. Please note that, according to the regulations, non-audit services required by national or European Union rules, or those representing a charge for the benefit of a certain discipline, are not relevant for the determination of the fee cap. Lastly, it should be noted, that the assignment of non-audit services performed by companies belonging to the Deloitte Network (other than the Group Auditor) for an amount of approximately €1.5 million, was approved for 2022.

# Report of the Board of Statutory auditors

With reference to KPMG S.p.A., as mentioned above, appointed as External Auditor for the 2022-2030 financial years, the Board of Statutory Auditors decided to supervise the assignment of additional services to such Company and its Network starting from 1 September 2021, agreeing with the Bank to issue specific internal regulations sent to be applied to all Group Companies.

## 7. Oversight of the financial information process

For the purposes of overseeing the financial reporting processes, the Board of Statutory Auditors, in addition to the aforementioned in-depth analysis carried out with the External Auditors, which did not reveal significant critical issues of the internal control system concerning the financial reporting process, carried out the planned and periodic meetings with the Manager in charge of preparing the financial statements and the competent Accounting and Group Risk Management structures.

The administrative and accounting procedures for drafting the half-yearly report and the Company and consolidated financial statements and all other financial information were set up under the responsibility of the Manager in charge of preparing the financial statements who, together with the CEO, attests that they are adequate and actually applied.

As stated in the financial statements, Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the obligation for issuers of securities listed on regulated markets in the European Union to draw up their annual financial report in the XHTML language, based on the European Single Electronic Format (ESEF) approved by ESMA. For the year 2021, it is expected that the consolidated financial statements will be "marked up" with the ESEF taxonomy, using an integrated computer language (iXBRL). Starting from 2022, the marking will also be extended to the information in the notes to the financial statements.

During the above-mentioned periodic meetings, the Manager in charge of preparing the financial statements did not report any significant shortcomings in the operating and control processes that could undermine the overall adequacy and actual application of the administrative and accounting procedures, in order to correctly represent the economic, asset and financial aspects of the accounting events in compliance with international accounting standards.

The Manager in charge of preparing the financial statements and the Chief Executive Officer signed the statements relating to the individual and consolidated financial statements at 31 December 2021, pursuant to article 81-ter of the Issuer Regulation, approved by Consob with Resolution 11971/1999 as amended and supplemented.

The Board of Statutory Auditors noted the updates occurred in the internal regulations concerning the internal control system applicable to Financial Reporting and the Manual on Group accounting rules and principles, most recently approved by the Board of Directors at its meeting held on 18 January 2022.

The Board of Statutory Auditors was regularly briefed on the initiatives regarding the accuracy of IT controls and processes and the automation of the input phases of the different processes, in order to streamline, by strengthening them, the processes and communicate the financial results to the market more efficiently.

The Board of Statutory Auditors also therefore acknowledged the **"Report on the status of the Internal Control System on Financial Reporting - Management Report"** regarding the certification campaign pursuant to the Law 262/05 of the consolidated and individual financial statements as at 31 December 2021, submitted to the Board of Directors on 15 February 2022.

Compared to a total of No.407 companies fully consolidated, based on the criteria defined in the internal regulations, the companies subject to the 262-certification campaign amount to No.34 covering 98% of the Group Total Aggregated Assets ("GTAA").

The certification campaign as at 31 December 2021, which for UniCredit S.p.A. involved No.427 processes that undergo No.1,682 checks, and No.1,816 processes relating to the other Group companies on which there were a total No.5,448 checks, ended with the issuance of all the so-called "internal certifications" to the Manager in charge of preparing the financial statements of UniCredit S.p.A. by the corresponding managers of the other Group companies subject to the campaign.

With reference to the points of attention that emerged for UniCredit S.p.A., the Board of Statutory Auditors noted the analyses carried out and recommended the Bank to proceed without delay to the necessary strengthening of the Group application for the campaign management.

Regarding the improvement areas overall identified by the certification campaign, the Board of Statutory Auditors notes that they mainly concern: i) the definition of processes, roles, responsibilities, and identification of the structure responsible for some additional processes not yet defined/implemented, ii) the automation of processes/procedures to improve data production and control activities. The BoSA therefore recommended the continuation of the corrective measures planned by the Management (Group Remediation Plan), as part of the complete and correct maintenance of the administrative-accounting system.

In the light of the information received and the analyses carried out, as mentioned below, the Board of Statutory Auditors considers that the administrative and accounting system in place is, on the whole, adequate to the requirements of the current reference regulations and is suitable of properly representing the management events.

## Report of the Board of Statutory auditors

The Board of Statutory Auditors noted the procedures carried out by the External Auditor requested by the Bank ("Agreed upon procedures") as suggested by the Board of Statutory Auditors, regarding the preparation of the disclosure made with reference to 31 December 2021, by UniCredit S.p.A. in the information document of the UniCredit group drawn up pursuant to Regulation (EU) No.575/2013 ("Pillar III"), in relation to: (i) the processes and their first and second-level controls for: (a) the determination of the Own Funds and Banking Regulatory Ratios; (b) the determination of Risk Weighted Assets; (c) the preparation of the disclosure made in Pillar III; (ii) verifying the composition, the correct determination and the arithmetic correctness of certain information provided in Pillar III; (iii) the trend and consistency analysis of the Own Funds, Banking Regulatory Ratios and Risk Weighted Assets (RWA).

The Board of Statutory Auditors believes, as in the previous years, that the above-described activity makes it possible to consider the internal regulatory framework adequate and updated, the design of the procedures and the control processes implemented sufficiently formalized and comprehensible, and the planned control activities (both first and second level) actually implemented and effective. It also contributes to the growth of the internal culture regarding the analysis of the phenomena underlying the formation of the Own Funds, as well as an ever-greater transparency towards the markets.

With regard to activities related to the strengthening of the governance of data and information (**Data Quality**), as well as the strongest safeguards serving the decision-making and risk-control processes, a topic on which the Board of Statutory Auditors has long paid significant attention over time, during 2021 the BoSA requested an update on the **Data Roadmap** and the related multi-year strategic initiative called **Umbrella Program**. The program is led by the Group Risk Management, Group Finance and Group Digital & Information structures and concerns initiatives aimed at improving and strengthening Data Aggregation Capabilities, Data Architecture & Infrastructure and Data Governance within the Finance and Risk areas, in order to increase the accuracy of the Group's data and the relative flexibility in data aggregation, to meet new or ad hoc regulatory requirements also in the context of stress scenarios, also considering the Supervisor's recommendations. The Board of Statutory Auditors observed that the program of initiatives and actions foreseen by the Umbrella Program in the 2020-2026 period, at the end of the first two years of execution, is basically on track, and has so far allowed to solve about 40% of the root causes included in the entire program, including some resulted as a priority. The Board of Statutory Auditors observed that the re-organization launched by the Group in 2021 did not have any major impact on the Umbrella Program's activities: the investments, updated and in line with the new Strategic Plan, continue in line with forecasts. The BoSA recommends that the incoming Control Body continues monitoring such program, focusing on the benefits resulting from the reinforcements carried out and on the periodic feedback by the Supervisor.

### Risks and uncertainty relating to the use of estimates

As stated in the financial statements report, the current market environment continues to be affected by a risk of lower predictability of the macroeconomic projections, essentially arising from a substantial degree of uncertainty about the evolution of the pandemic and the consequent uncertainty of predicting timing and extent of the economic recovery that may occur in future periods.

Such uncertainty is still persisting as at 31 December 2021 as also highlighted by ECB Macroeconomic projections as of 30 September 2021 reporting that GDP is showing positive growth rate for next years. Specifically, the projected increase in global growth shall be assessed against the backdrop of: (i) persistent supply bottlenecks, and (ii) low vaccine rates in many Eastern Europe countries. These factors act as headwinds to growth, and weigh especially on more fragile economies, where progress on vaccination remains limited.

In the context of persisting uncertainty explained above and also considering the ESMA communication ("European common enforcement priorities for 2021 Annual Financial Reports") which recalls the messages included in the corresponding document issued in 2020, including those related to the impairment test of assets, UniCredit group has defined different macroeconomic scenarios, to be used for the purposes of the evaluation processes of the company and consolidated financial statements as at 31 December 2021.

Specifically, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macroeconomic trend, alternative scenarios have been outlined, that assume different trends of the main macroeconomic parameters (e.g. gross domestic product, interest rates); in this respect:

- with reference to the sustainability test of deferred tax assets, a worst-case scenario (called "Downturn") was defined, reflecting a downward forecast of the expected profitability of the business;
- with reference to the valuation of credit exposures (IFRS9), two alternative scenarios ("Positive" and "Negative" compared to the "Baseline" scenario) were defined, providing for different assessments regarding the expected parameters trend that may influence the assessment of the prospective credit risk.

The results of such assessments may be subject to unpredictable changes depending on the pandemic evolution, the effect of the relief measures implemented and, ultimately, the existence and extent of economic recovery. Any deviation of the actual economic recovery from the assumptions underlying the assessments may require a re-calculation of the parameters used for the assessments, particularly with regard to future income flows, and the consequent assessments' review.



# Report of the Board of Statutory auditors

## **Estimating cash flows to determine the value in use of investments in subsidiaries**

As stated in the Notes to the Financial Statements, the set of projections employed for the impairment test of investments in subsidiaries as at 31 December 2021 was based on two alternative scenarios mentioned above ("Baseline" and "Downturn"); the calculation of the value in use for impairment testing purposes was carried out using a Dividend Discount Model (DDM) and the results of the two scenarios were weighed differently to detect their different probability of taking place.

A sensitivity analysis of the test result was then carried out as the weightings assigned to the two scenarios changed.

The impairment test of investments in subsidiaries as at 31 December 2021 led, overall, to a write-back of previous impairments for €7,930 million in the company's balance sheet.

It should be noted that the parameters and information used to verify the recoverability of the carrying values (in particular, the expected cash flows for the various subsidiaries, and the discount rates applied) are significantly influenced by the macroeconomic and market situation, which may be subject to changes which are not currently predictable. The effect of these changes, as well as changes in corporate strategies, could therefore lead in the coming reporting periods to a review of the estimated cash flows of the various subsidiaries and of the assumptions on the main financial parameters (discount rates, expected growth rates, Common Equity Tier 1 ratio, etc.), which could have an impact on the results of future impairment tests.

## **Measurement of Real estate portfolio**

As stated in the financial statements report, starting from 31 December 2019, the Group changed its accounting policy for the measurement of real estate properties moving from a cost model to a fair value model for properties held for investment and revaluation model for properties used in business. For these assets, on 31 December 2021, the fair value has been determined through external appraisals.

In this context, as also indicated in the financial statements report, the Board of Statutory Auditors points out that in the upcoming financial years, the fair value of these assets might be different from the fair value observed as at 31 December 2021 as a result of the possible evolution of real estate market which will also depend on the new practice, in terms of remote working, that could prevail once the lock-down measures, aimed at containing the Covid-19 pandemic, will be lifted.

## **Valuation of Credit Exposures**

The slow-down of the economic activity resulting from the Covid-19 pandemic and the associated containment measures, as also indicated in the financial statements report, has also affected the estimates of the recoverability of credit exposures and the calculation of related credit risk adjustments.

In this regard it must be noted that the amount of loan loss provisions is determined considering the classification, current and expected, of credit exposures as non-performing, the sale prices, for those non performing exposure whose recovery is expected through sale to external counterparties, and credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with IFRS9, incorporates, inter alia, forward looking information and the expected evolution of the macroeconomic scenario.

In this context, the Board of Statutory Auditors points out that the Group has updated the macroeconomic scenarios adopted for the preparation of the financial statements as at 31 December 2021, considering, in addition to a Baseline scenario, a negative scenario and a positive scenario, by applying proper weighting factors to them, which are detailed in the financial statements report.

Considering the persisting uncertainty and in continuity with the assumptions used for the preparation of Year's end 2020 financial statements, the probability of the negative scenario in December 2021 has been kept at 40% so to incorporate the risks of downturns. The probabilities used for the Baseline scenario and the positive scenario have been kept at 55% and 5% respectively.

Net write-downs on loans and provisions for guarantees and commitments of the Group in 2021 amounted to €1,634 million, compared to €4,996 million of 2020 (down by 67.3% or down by 67.3% at constant exchange rates).

Such trend was positively impacted by the dynamic of the non-performing loans portfolio, with Italy being able to benefit from lower default flows and Germany which recorded recoveries on corporate counterparties. At the same time, €131 million of writebacks were recognized following the update of the IFRS9 macroeconomic scenario; particularly recoveries were booked in the second quarter of 2021, while in the fourth quarter the Bank adopted a managerial overlay aimed at granting a substantial neutrality resulting from the impact of the macroeconomic scenarios, considering the uncertainty related to the pandemic evolution.

Lastly, it should be noted that the cost of risk in 2021 was 37bps, compared to 105bps in 2020.

In detail, Italy shows a cost of risk of 55bps, an improvement of -81bps compared to the previous year.

## **Other measurements**

Additional Balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:

- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits (including defined benefit obligation);
- provisions for risks and charges.

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While evaluations have been made on the basis of information deemed to be reasonable and supportable as at 31 December 2021, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

Furthermore, the following factors, in addition to those illustrated above, might influence the future results of the Group and cause outcomes materially different from those deriving from the valuations: (1) general economic and industrial conditions of the regions in which the Group operates or holds significant investments; (2) exposure to various market risks (e.g. foreign exchange risk); (3) political instability in the areas in which the Group operates or holds significant investments; (4) legislative, regulatory and tax changes, including regulatory capital and liquidity requirements, also taking into account Brexit and increased regulation in response to the financial crisis. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.

With regard to the above-mentioned aspects, the Board of Statutory Auditors has carried out the necessary in-depth analyses with the relevant Functions and with the External Auditors. 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, inter alia, the ability of customers to pay off their debt, once the moratorium measures adopted have expired, will become important. Lastly, developments in the real estate market may affect the value of the properties received as collateral and may require an adjustment of the loan loss provisions.

Although following the approval date of the financial statements by the Directors, it is considered appropriate to recall here the possible consequences of Russia's decision to start a large-scale invasion of Ukraine, carried out starting from 24 February 2022, which, together with the reactions by many countries and the European Union in terms of economic and financial sanctions, appears to cause a situation of uncertainty on the macroeconomic level, on exchange rates, on energy and raw material costs, on trade, on inflation expectations, on the debt cost, and on credit risks. Uncertainties are also present on the policies that will be followed by the central banks and in particular by the European Central Bank. More generally, geopolitical tensions appear likely to influence the expectations and behavior of economic players and radically change the macroeconomic outlook. Specific consequences may also affect the valuations of the UniCredit group's Companies based in Russia as well as the Group's credit positions towards Russian residents, and positions in derivative instruments, as highlighted in the Bank's press release dated 8 March 2022, where UniCredit specified how the Bank is continuing to dynamically manage the risk exposure, whilst constantly assessing the potential impact of the conflict on global GDP and public policies.

Lastly, it should be noted that, unlike what happened in the previous year, as stated, the 2021 financial year closed with a net profit of UniCredit S.p.A. of €10.366 million; therefore, the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits did not occur again.

The financial statements report contains detailed information on any liabilities and costs that may arise from **pending legal proceedings**.

The Board of Statutory Auditors, together with the relevant Functions of the Bank, has examined in detail the methodology and process adopted in the analysis of litigation, and in the analysis and assessment of **provisions for risks and charges**, and has requested to be periodically and promptly updated on the evolution of the main situations.

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as at 31 December 2021, UniCredit group set aside a provision for risks and charges of €688.4 million, of which €428.1 million for the parent company UniCredit S.p.A. The Notes to the consolidated accounts also update on the proceedings relating to:

- **Financial sanctions matters.** Following the settlement in April 2019, the U.S. and New York Authorities require an annual external review regarding the evolution of the process implementation. In light of the request, in 2020 the Group appointed an external independent consultant. Following the interaction with the independent consultant and also considering the mandatory commitments towards the Authorities, the parent company UniCredit S.p.A., UCB AG and UCB Austria AG have implemented additional requirements and controls, about which the banks make periodic reports to the Authorities.
- **Squeeze-Out** of UCB AG and UCB Austria's former minority shareholders (so-called 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 €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. At present, the proceeding is pending in the first instance. With reference to UCB Austria, 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 €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. At the same time, five contentious proceedings, in which plaintiffs claim damages, have been initiated, involving however only insignificant amounts in dispute.



# Report of the Board of Statutory auditors

• **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, which provides for the imposition of a fine of €69.4 million in total towards the parent company UniCredit S.p.A. and UCB AG; the amount of the penalty is substantially in line with the previously recognised provision, and therefore did not cause any material impact on the Group's second quarter 2021 accounts.

The parent company UniCredit S.p.A. and UCB AG contest the European Commission's findings and to this end, on 30 July 2021, they filed an appeal with the Court of Justice of the European Union for the annulment of the Commission's decision.

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. At present, the class action complaint does not include a quantification of damages claimed. On 23 July 2020, the Court granted motions to dismiss (so called "motion to dismiss") the class action complaint filed by certain defendants, including UCB AG and UniCredit Capital Markets LLC. On 9 February 2021, the plaintiffs filed their fourth amended class action complaint, repleading their claim against UCB AG, 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 the filing requests has been completed, and in June 2021, the defendants submitted to the Court the request for the setting of the dismissal hearing ("pre-motion conference").

In the financial statements report, the Directors inform about **the proceedings related to certain forms of banking transactions** with customers that do not specifically concern the UniCredit group but involve the entire financial system.

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.

As at 31 December 2021, the total claimed amount against the parent company UniCredit S.p.A. was equal to €1.1 billion, mediations included.

At present, the parent company UniCredit S.p.A. has made provisions that it deems appropriate for the risks associated with these claims.

About the litigation connected to **derivative products**, for which, as at 31 December 2021, the claimed amount against the parent company UniCredit S.p.A. was €692 million, mediations included, the Directors report that several financial institutions, including UniCredit group companies, entered several derivative contracts, both with institutional and non-institutional investors. In Germany and in Italy there are some pending proceedings towards 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 loans**, it should be noted, as set out in previous Reports that in the last decade, a significant number of customers in the Central and Eastern Europe area took out loans and mortgages denominated in a foreign currency ("FX"). 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 the possibility that the principal and associated interest payments related to the loan 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 CEE countries including Croatia, Slovenia, and Serbia.

In 2019 the Supreme Court of the Republic of Croatia ruled that the Swiss franc (CHF) currency clause was invalid. In the course of 2019, court decisions, recent court practice related to FX matter along with the expiration of the statute of limitation for filing individual lawsuits in respect to 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 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 March 2021, the Croatian Constitutional Court rejected Zaba's application on the validity of the FX clause. In light of the above, the Directors report that the provisions, which have been booked, are deemed appropriate.

## Report of the Board of Statutory auditors

On 2 February 2022, the National Assembly of the Republic of Slovenia approved a law aimed at restructuring consumer loans denominated in CHF, or those contractually linked to CHF, originated between 28 June 2004 and 31 December 2010, effectively retroactively introducing a 10% exchange rate cap limiting the amount to be repaid by customers, as capital or interest, following the revaluation of the CHF against the EUR, despite the fact that on 26 November 2021 the European Central Bank released an opinion (CON/2021/36) on the amendment of Swiss franc loan agreements, which, inter alia, stated that “the introducing measures with retroactive effect undermines legal certainty and does not comply with the principle of legitimate expectations and may also interfere with acquired rights”, and the National Assembly’s Legislative Office itself, on 5 January 2022, had issued an opinion highlighting material constitutional deficiencies of the proposed law, mainly related to retroactivity, rule of law, right to private property and free enterprise.

As explained by the Directors in the financial statement report, no provision was recognized as at 31 December 2021 regarding the entry into force of the above-mentioned law, as its approval by the National Assembly was deemed to be a non-adjusting event pursuant to IAS10, since the condition relating to the virtual certainty of the law enactment, which is the condition required by IAS37 for recognition and measurement of provision determined by the introduction of a new law, was not met at 31 December 2021, having only emerged in February 2022 with the approval by the National Assembly.

The Group is currently evaluating the feature of the law; in the event its enactment will result in a negative economic effect, the estimated impact on the Group’s CET1 ratio is estimated at around 5bps.

Among other proceedings, which are explained in the financial statements, the Board of Statutory Auditors examined in-depth the **Bitminer case in the Republic of Bosnia and Herzegovina**.

In 2019, a local customer, Bitminer Factory d.o.o. Gradiška (“Bitminer”), filed a lawsuit before the Commercial Section of the Court in Banja Luka claiming damages that it would have suffered following the allegedly unjustified closure of its current 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 the closure of its accounts would have 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 Court of First Instance adopted most of Bitminer’s claims and ordered UCBL to pay damages in the amount of 256,326,152 Bosnian marks (approximately €131.2 million). UCBL appealed the decision in January 2022. The first instance decision is not final, binding, or enforceable. The ultimate liability of UCBL, if any, will only be determined upon the final outcome of all available procedural remedies, and, in any case, not before the final and binding decision by the Court of Appeal”.

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.p.A.’s customers have historically invested in **diamonds** through a specialized 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.

As reported in the financial statements report, 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.

Already starting from 2017 UniCredit S.p.A. 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.

The initiative has been adopted assessing the absence of responsibility for its role as “Introducer”; nevertheless, the AGCM (Italian Competition and Market Authority) 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 €4 million paid in the same year.

UniCredit has filed an appeal against this decision to the Council of State and with a sentence dated 11 March 2021 the Council of State partially accepted the appeal brought by UniCredit S.p.A., by reducing the amount of the fine to €2.8 million and sentenced AGCM to return €1.2 million, amount which was reimbursed in June 2021.

As at 31 December 2021, UniCredit S.p.A:

- received reimbursement requests for a total amount of about €409 million (cost originally incurred by the Clients) from No.12,233 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the “customer care” initiative; the finalization 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 in the previous point (€409 million approximately), reimbursed No.11,076 customers for about €387 million (equivalent value of original purchases), equal to about 95% of the reimbursement requests said above.

In order to cope with the probable risks of loss related to the repurchases of diamonds, a dedicated Risk and Charges Fund 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.

Lastly, in line with a strategy of disposal in the short term, the gems purchased are recognized for about €52 million in item “130. Other assets” of the balance sheet.

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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 €33 million against UniCredit for the offence of aggravated fraud and (ii) indirect as well as direct confiscation of the amount of €72 thousand for the offence of self-laundering against UniCredit, assuming the administrative liability of UniCredit S.p.A. pursuant to article 25-octies of Legislative Decree 231/2001 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 requested the indictment of some employees and former employees and the preliminary hearing is ongoing. With regard to this matter, the Board of Statutory Auditors, acting as 231 Supervisory Body's, has followed, and will continue following, the evolution of the matter in close coordination with the Functions and with the external legal advisor.

With regard to **other claims by customers**, the Compliance Function, supporting the business structures, oversees the regulatory environment evolution relating to banking services and products in areas like transparency, financial and investment services, and anti-usury. Compliance, as control Function, develops rules, checks processes and procedures and monitors complaints trends. The Compliance Function, along with the Legal one, also supports analysis and evaluation phases of adequacy of potential "customer care" actions or other initiatives designed to compose particular situations in which UniCredit S.p.A. might be involved in order to define them.

Considering the regulatory complexity and interpretations not always homogeneous, UniCredit S.p.A. time-to-time assesses the accounting of provisions for risk and charges, aimed at facing costs, deemed probable, in a contest that has increased the litigiousness at banking system level.

Concerning **the financing of consumer credit**, the EU Directive 2008/48 establishes that "the consumer shall be entitled at any time to discharge fully or partially his obligations under a credit agreement. In such cases, he shall be entitled to a reduction in the total cost of credit, such reduction consisting of the interest and the costs for the remaining duration of the contract". Following the decision of the European Court of Justice in September 2019 (judgment C-383/18 referring to the "Lexitor" case) and the communication of the Banca d'Italia issued in December 2020, UniCredit S.p.A. proceeded to adapt to the most recent interpretation of this legislation. Therefore, in the event of a request for early repayment of the loan, the consumer is entitled to pay off his debt net of costs not yet accrued on the repayment date.

Considering the above, as well as the interpretations prior to the aforementioned communication of the Banca d'Italia, the Bank noted the guidelines issued by the Authority adapting to the outlined framework, and has carried out the appropriate assessments, to also preserve the quality of the customers relationship.

The Notes to the consolidated accounts also include information on the provision for tax risks for risks arising from tax disputes and risks arising from labor lawsuits.

### 8. Oversight of the adequacy of the internal control and risk management system

The internal control system in the UniCredit group is based on:

- Control bodies and Functions which involve, each for their respective remits, the Board of Directors, the Internal Controls & Risks Committee (IC&RC), the Chief Executive Officer as Director in charge of the internal control and risk management system, the Board of Statutory Auditors, as well as the company Functions with specific duties in this regard;
- information flows and methods of coordination between the parties involved in the internal control and risk management system;
- Group Governance mechanisms.

As stated in the **Report on Corporate Governance and Ownership Structures**, the types of control in UniCredit, in compliance with current legislation and inspired by international best practices, are structured on three levels:

- line controls (known as first-level controls), handled by the corporate Functions responsible for the business/operating activities;
- controls on risks and compliance (known as second-level controls), handled by the Group Compliance and Group Risk Management Functions, each for the matters within their respective remit;
- internal audit (known as third-level controls), handled by the Internal Audit Function.

The Group Compliance, Group Risk Management and Internal Audit Functions are separate from one another and hierarchically independent of the corporate Functions performing the activities subject to the controls. The Board of Directors decides with exclusive competence, after proposal of the Internal Control & Risk Committee and consultation with the Board of Statutory Auditors, on the appointment and removal of their Heads.

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Pursuant to Circular No.285/2013 of Banca d'Italia, the Anti-Money Laundering Function and the Internal Validation Function are also included in the corporate control Functions, respectively positioned within Group Compliance and Group Risk Management.

During the period under examination, the Board of Statutory Auditors acknowledges having carried out a periodic exchange of relevant information with the Control Functions. It also acknowledges that the Control Functions have fulfilled the related disclosure obligations towards the BoSA. Furthermore, in order to guarantee a continuous and timely flow of information with Internal Audit, the Head of the Function has a standing invitation to the Board of Statutory Auditors meetings.

Based on the information acquired and included in the 2021 **Internal Audit Function Report (Integrated Audit Report)**, the internal control system was rated by the same Function overall as "mostly satisfactory", (confirming the same rating referred to the previous period), in light of the decreasing trend in audit analysis process with negative results, the lack of critical findings, and the maintenance of a strong focus and a strict discipline on the completion of remedial actions, with reference to both audit findings and those of the Authorities.

In the period under examination, the Board of Statutory Auditors received and discussed, with the Internal Audit Department, several Audit Reports, and some special investigations. In the cases of "unsatisfactory" or "partially satisfactory" audit reports, the Board of Statutory Auditors asked to be kept up to date about the implementation of the Remediation Plans and, where appropriate, has called upon the Managers of the involved areas, in order to discuss the audit results and the related Remediation Plans directly.

In general, the most important analyzed issues at Group level were the compliance risk, (rated as "mostly satisfactory"), ICT risk (whose rating passed from "partially satisfactory" to "mostly satisfactory", due to the good level of maturity achieved in the related control framework specifically for ICT Security), Operational Risk (rated as "mostly satisfactory"), for which the Bank and the Group, compared to previous years, further increase their levels of risk management application standards.

Improvements were noted in the internal controls system with regard to smaller subsidiaries, some of which still require adjustments in terms of compliance, ICT, and operational risks; the completion of the remedial actions implementation is planned by 2022.

The Board of Statutory Auditors has examined and formulated its own recommendations on all the aforementioned issues.

The Board of Statutory Auditors has examined in detail the underlying root causes and examined the detailed remedial plans defined and launched by Management, whose execution it regularly monitors, also calling the Parent company's central structures to maintain the strong focus on steering and control, in all the Group's companies, also in view of the important ongoing application projects in relation to the review of the organizational models and the controls framework.

With reference to the **"Outsourcing of activities"** report prepared by the Internal Audit Function in compliance with the requirements of Banca d'Italia (Circular No.285/2013), the Board of Statutory Auditors was able to note - in relation to Outsourcers and Third Parties - the need to continue the framework improvement process already in place, based on the results of the audit work carried out on critical or important functions outsourced (CoI) and Third Parties.

### **Credit, counterparty, market, operational risk management**

With regard to **credit risk**, the Internal Audit assessment is confirmed "mostly satisfactory" for the main Group Companies.

As regards UniCredit S.p.A., the overall rating remains "partially satisfactory" in view of the execution risk for the IRB Model Roadmap and the need to complete the definition of the credit risk governance framework following the organizational changes foreseen by the "Simplification Program".

The Board of Statutory Auditors continued monitoring the credit risk by examining the specific periodic reports prepared by Group Risk Management together with those relating to the Credit Risk Strategy and monitoring the evolution of the Risk Appetite Framework. The Board of Statutory Auditors noted that the actions started in 2020 and enhanced during 2021 resulted efficient as confirmed by:

- robust asset quality (benefitting from the disciplined underwriting and the de-risking phase prosecution);
- further decrease of the NPE stock;
- portfolio under moratoria showing good asset quality;
- Group's portfolio evolution overall in line with the risk appetite and steering signals, specifically in those sectors most sensitive to the pandemic impacts;
- cost of risk in line with market guidance.

The Board of Statutory Auditors has carefully considered the reorganization and simplification of the Group Risk Management Function started in 2021 (see also paragraph 9 below), paying specific attention to the integration of the activities previously carried out by the Group Lending Office and the distribution of responsibilities between the Holding Company and local Legal Entities.

The Board of Statutory Auditors noted that the reorganization will go along with the strengthening of the Credit Risk Control Framework (with clear responsibilities assigned to the 1<sup>st</sup> and 2<sup>nd</sup> line of defense) and, as regards Italy Function, with a review of the credit underwriting and decision-making process with the Empowerment project aimed at strengthening the control framework and accountability of the 1<sup>st</sup> line of defense (Business) with delegated powers for credit decisions (under clear credit strategies and rules), and strengthening the supervision of the 2<sup>nd</sup> line of defense (Risk Management).

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The Board of Statutory Auditors observed that the ongoing reorganization denotes Management's awareness of the issues of the Business empowerment and accountability and noted that a timeline has been outlined whereby each new phase will only be started once the elements of the previous phase have been completed and, specifically, that an appropriate control framework is in place.

The Board of Statutory Auditors examined the periodic update of the **Group Risk Management Global Policy** carried out in order to ensure their effectiveness over time pursuant to the Banca d'Italia provisions on the internal control system; The Board of Statutory Auditors noted that this review (which also covered 12 policies relating to the Credit Risk, Financial Risk, Non Financial Risk and GIV - Group Internal Validation risk pillars) was carried out as part of an initiative launched by Top Management with the aim of strengthening the internal policy framework itself by making its use clearer and easier and avoiding redundancies and duplications.

The Board of Statutory Auditors noted that the new policies incorporated the renewed organizational set-up, including the new managerial Committees, and considered the Supervisors' finding, regulatory requirements and expectations as well as methodological enhancements.

With reference to **Internal Models**, during the course of its supervisory activities, the Board of Statutory Auditors has positively noted, through the necessary updates with the relevant Functions, that:

- the development and validation activities envisaged by the IRB Model Roadmap continued with some time delays mainly due to the pandemic and the lengthening of the regulatory approval process;
- the validation framework is up and running at Group level and is based on: (i) organisational set-up reporting directly to the Group CRO (Credit Risk Officer) mirrored in Group Companies; (ii) GIV steering on Local Validation Functions; (iii) common validation methodological standards for IRB models;
- the Internal Rating System in preparation is assessed to comply with regulatory requirements, improving over the previous year thanks to the implementations of the Model Roadmap.

With regard to **credit risk (IRB Systems)**, the assessments of the Internal Validation and Internal Audit Functions agree that the IRB systems are overall compliant with regulatory requirements. The Board of Statutory Auditors noted that Internal Audit's evaluation remains "partially satisfactory" mainly due to the execution delays of the Model Roadmap and the persistent weaknesses of the Group Wide rating systems currently in production, despite the implementations and recalibrations completed in 2021. However, the BoSA noted that Internal Audit does not believe there is underestimation of risks, as also verified by GIV in the context of its annual checks on rating models.

The BoSA also noted that, with regard to many local models, the recalibration process for the new definition of default was completed and Internal Audit assessments highlighted a general positive result.

The evaluations of the Validation Function with regard to **counterparty credit risk** ("adequate"), **market risk** ("adequate") and **operational risk** ("fully adequate") meet the Internal Audit evaluations ("mostly satisfactory"), considering the relevant system to be overall compliant with the regulatory provisions.

The Board of Statutory Auditors examined the annual audit on GIV, carried out with specific focus on IFRS9 models, and noted that Internal Audit confirmed the "satisfactory" rating. Such rating was supported specifically by the adequacy of the Function governance and the validation framework, confirmed to be satisfactory for both IFRS9 and IRB models.

The Board of Statutory Auditors examined, inter alia, the following audit reports with a "satisfactory" rating:

- "Model Risk Management Framework";
- "Advanced Measurement Approach (AMA) framework and Operational Risk Management";
- "Global View Management of Public Guarantees";
- "Global Audit on New Definition of Default";
- "ICS on Market Risk".

The Board of Statutory Auditors has also taken note of the confirmation of the "mostly satisfactory" assessment carried out by the Internal Audit Function at UniCredit S.p.A., and in the main Group companies with regard to the Risk Management Functions, based on the overall adequacy in the identification, measurement, and management of Group risks (Credit, Liquidity, Operational risk including ICAAP, RAF).

On 8 March 2022, the Board of Statutory Auditors issued its positive opinion for the certification by the Board of Directors about the compliance with the requirements for using the Group's credit, counterparty, market and operational risk management, measurement, and control systems.

### Liquidity risk

In the context of the initiatives and actions concerning the liquidity monitoring procedures, the Board of Statutory Auditors examined the review of the "Global Policy - Group Liquidity Stress Test", approved by the Board of Directors in May 2021, whereby, as recommended by ECB, the BoSA was involved in the periodic review of the main features of scenarios used in liquidity stress tests. The review included: (i) clarifications regarding the roles of Bodies and Committees in approving key elements of liquidity stress tests; (ii) a more precise description of the different stress scenarios; (iii) the review of the analysis frequency, now related to the actual liquidity situation.



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Furthermore, in February 2022, as part of an initiative launched by Top Management with the aim of strengthening the internal policy framework by making it clearer and easier to use and avoiding redundancies and duplications, the new version of the "Global Policy Group Liquidity Management & Control" was approved; such version defines governance, risk measurement, control and reporting for ordinary liquidity management and in case of a liquidity crisis and its evolution. The Board of Statutory Auditors noted the new features introduced with the aforementioned review, consisting of: (i) content simplification, inclusion of the new Committees and new organizational set-up; (ii) decommissioning and inclusion of some pre-existing Global Policies related to the same topic; (iii) transfer part of the detail operational processes to dedicated Global Process Regulations.

As part of its control activities, the Board of Statutory Auditors has continuously monitored the evolution of the Group's liquidity situation, by meeting the relevant Functions and receiving information on:

- the trend of liquidity indicators, the 2022 Funding Plan, the 2022 Contingency Funding Plan, and the Financial Plan related to the Multi Year Plan 2022-2024;
- the updates on the TLTRO (Targeted Longer-Term Refinancing Operations) Strategy;
- the results of the 2020 ILAAP process (Group Internal Liquidity Capital Adequacy Assessment Process), for which the GRM's evaluation is confirmed as "mostly adequate", and the results of the related Internal Audit activities have been rated "mostly satisfactory";
- periodic reports on the results of the Group Risk Appetite Framework' monitoring and the evolution of the Integrated Risk Profile;
- the results of the audit report "Structural Liquidity Management", issued by Internal Audit and rated "satisfactory" due to the compliance of governance and organizational set-up with regulatory requirements; the adequacy of the Structural Liquidity Risk Strategy and Appetite Framework, operational processes, line controls and second-level controls relating to Liquidity Risk.

The Board of Statutory Auditors observed that, in 2021, the main structural and short-term liquidity indicators remained above the limits set by the Risk Appetite Framework.

### **Compliance risk**

During the year, the Board of Statutory Auditors received the ICR (Integrated Compliance Report) report on a quarterly basis, and took note of the Compliance Function's Annual Report, which includes the assessments made regarding potential compliance risks, at Group level, with reference to both Italian-registered companies, including UniCredit S.p.A., and the main foreign companies.

The aforementioned Report also fulfils the requirements of CONSOB Regulation No.20307/2018 and article 89 of CONSOB Regulation No.20197/2017.

Considering the results of the compliance risk assessment and second-level controls carried out and the activities completed in accordance with the 2021 Compliance Plan, the Compliance Function expressed a "mostly satisfactory" evaluation on the non-compliance risk management for UniCredit S.p.A. and the main Group companies. In some smaller Group companies, the evaluation is "partially satisfactory", due to some weaknesses detected in the AML (Anti-money laundering) and MiFID area.

In a more general context, improvements in AML, Financial Sanctions and MiFID area have nonetheless been recorded through the completion of the main remedial actions foreseen by the Supervisory Authorities and the Compliance/Internal Audit findings; initiatives are being taken in relation to the Global Data Protection Regulation (GDPR) area, specifically the right to be forgotten.

During the year, the Board of Statutory Auditors received regular updates on the progress of the Compliance Next Program (see also paragraph 9 below), the development plan for the reorganization of the Compliance Function model and its operating procedures, approved by the Board of Directors in September 2021, which was also drawn up based on an external assessment carried out on the compliance risk framework.

The Board of Statutory Auditors believes that the implementation of the Compliance Next Program - whose planned initiatives will be developed in the period 2021-2025 - will gradually ensure a decisive and homogeneous strengthening of the compliance risk control framework within the Group, as well as a repositioning of the operational mission of the Compliance Function itself, with greater focus on its compliance advisory role.

In this regard, the Board of Statutory Auditors considers of key importance to strengthen the first-level controls foreseen in the Compliance Next Program, to monitor compliance risks and other risk categories.

The Board of Auditors analyzed the contents of the "Report on the Overall State of Complaints received by UniCredit S.p.A. in 2021" submitted to the Board of Directors of 8 March 2022, which highlights, with reference to UniCredit S.p.A., a number of written complaints received in 2021 amounting to No.51,338 (down by 14% compared to 2020, thanks also to mitigation actions put in place to address the main underlying causes).

The main reasons for the complaints received related the issues: Salary-backed loans (25% of complaints received and down by 26% compared to 2020), cards (10% of complaints received and down by 7% compared to 2020), complaints on housing mortgages (about 6% of complaints received and down by 25% compared to 2020) and generic complaints (16% of complaints received and down by 8% compared to 2020).

With regard to reimbursements, complaints accepted with refund in 2021 represent 12% of all closed complaints (15% in 2020) and generated disbursements for €9 million (down by 34% compared to 2020).

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During the year, the Board of Statutory Auditors continued examining the issues relating to AML/FC (Anti-money laundering/Financial Crime) area, requesting specific updates to the relevant Functions.

The Board of Statutory Auditors then examined the **"Report of the Anti-Money Laundering Function of UniCredit S.p.A. - Italian Perimeter - Year 2021"** submitted to the Board of Directors at its meeting held on 8 March 2022. The activities carried out for the self-assessment of the risks of money laundering and terrorist financing have identified, as at 31 December 2021, a "Medium" residual risk level, down compared to the "Significant" risk level at the end of 2020.

The Board of Statutory Auditors observed that the transformation process of the organizational set-up of UniCredit Anti-Money Laundering Function - Italian Perimeter continued in 2021. In addition, also in compliance with a request of Banca d'Italia, in order to ensure the application of the AML framework to the entire Group, on 8 March 2022 the Board of Directors - with positive opinion given by the Control Body - appointed a Group AML Officer with responsibility also for the UniCredit S.p.A. - Italy perimeter.

The Board of Statutory Auditors was also informed about the analysis of the suspicious transaction reports ("SOS"), which showed a slight decrease in the SOS flow received in 2021 (No.21.622 decreased by 15.3% compared to 2020 but still high compared to 2019, + 57.5%); the BoSA noted the actions put in place to cope with the SOS flow received in the last two years, including the model integration for carrying out the SOS analysis activities approved by the Board of Directors and the additional internal staff in the dedicated structures.

The Board of Statutory Auditors noted the points of attention identified in the outcome of the second-level controls carried out in 2021, including (i) review/renewal of the due diligence, specifically for counterparties subject to enhanced due diligence, (ii) collection and filing of documentation and some information required in "Know Your Customer" activities, (iii) the effectiveness of certain rules for generating Transaction Monitoring alerts, for whose mitigation specific actions have been activated (iv) assessment of negative information.

The Board of Statutory Auditors also noted that activities aimed at implementing the corrective actions necessary to settle the findings attributed to UniCredit's anti-money laundering function in the Italy Perimeter in previous audits continued, according to the established planning.

At the meeting of the UniCredit Board of Directors held on 8 March 2022, the new version of the "Anti-Money Laundering Policy" was approved (as required by the Banca d'Italia "Provisions applicable to organizational, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing" issued on 26 March 2019), which explains and specifies the choices that the Bank has defined about the various relevant profiles regarding organizational structures, procedures and controls, due diligence and data retention.

Lastly, the Board of Statutory Auditors noted the Anti-Money Laundering Training Plan 2022 - UniCredit S.p.A., which aims to continuously mitigate the money laundering risks, diversifying training courses based on the specific activities identified, and to ensure the increase of knowledge and skills of the relevant staff. The Training Plan provides for training courses modulated according to the different corporate roles and the associated risks (basic, specialist and advanced training).

During the financial year, the Board of Statutory Auditors periodically examined the so-called **"whistleblowing"** reports it received in its function as UniCredit S.p.A.'s 231 Supervisory Body, analyzing in depth, in its function of Board of the Statutory Auditor, supported by the People & Culture Function, the whistleblowing reports that may involve issues of misconduct/unlawful conduct, regardless of their relevance pursuant to Legislative Decree 231/2001.

The Board of Statutory Auditors has therefore taken note of the information contained in the **"Report on the internal system for reporting violations (so-called whistleblowing) for 2021"**, prepared in compliance with the Banca d'Italia Supervisory Provisions (Circular No.285/2013 with reference to the proper functioning of the whistleblowing framework, with aggregate data on the investigation results, tools, communication campaigns and training in UniCredit S.p.A. and at Group level.

More specifically, No.199 reports were received, No.106 of them were received at UniCredit S.p.A. (down by 5% compared to 2020). The "Courageous Voices" campaign - a Group-wide initiative launched in the latter part of 2021, designed to encourage all people to make their voices heard in view of the high number of reports received by UniCredit S.p.A. (No.37 in the same period) - seems to have increased the level of employees' awareness.

The Board of Statutory Auditors welcomed the UniCredit group's continued work in promoting a corporate culture characterized by correct behavior, and shared and stressed on several occasions, with the Management and the People & Culture Function the importance of paying the utmost attention to the correctness of the behaviors assumed by the Group's human resources. The specific compulsory online training on whistleblowing, already launched at the end of 2020 in the main companies, continues, with the aim to further promote the knowledge on internal reporting channels and whistleblowers' protection.

The reports sent by the employees in 2021, which decreased compared to the previous year presumably due to the new working modalities (remote working) implemented following Covid-19 pandemic, highlighted that Whistleblowing is becoming increasingly useful for reporting irregularities related to individual behaviors and also for assessing processes. In addition, the Board of Statutory Advisors has learned that all the required second-level compliance controls have been carried out, and the results have not revealed any retaliation act against the parties involved in the process; the reports received were promptly handled and confidentiality safeguards were respected.



## Report of the Board of Statutory auditors

For 2022, the Board of Statutory Auditors suggests to the incoming Control Body to closely monitor the actions aimed at:

- monitoring regulatory updates, related specifically to the transposition by Member States of the European Directive EU/1937/2019 on the protection of Whistleblowers, those with an impact on the Whistleblowing process (such as, for example, the rulings on the General Data Protection Regulation, so-called “GDPR”), as well as the forthcoming issuance of the ISO 37002 standard for the certification of Whistleblowing management systems;
- envisaging further development of initiatives aimed at increasing the communication of best practices to all the Legal Entities relating to the Whistleblowing process;
- reviewing the whistleblowing process in the light of the changed Company’s organizational context and changes in external regulations affecting the normal conduct investigation activities.

The Board of Statutory Auditors examined the information contained in the **Report of the Data Protection Officer (DPO) of UniCredit S.p.A. for the year 2021**.

The DPO of UniCredit S.p.A. plays the role of DPO of the Companies of the Italian perimeter by virtue of an appointment by the respective Data Controllers and acts towards the Group Companies as Group DPO with a direction and coordination role (also through the oversight of the DPOs of the subsidiaries), in order to promote a uniform approach in the management of personal data protection issues at local level and receiving periodical information flows.

GDPR risk assessment activities for UniCredit S.p.A. ended with a “significant” risk assessment, mainly due to the high level of “basic” risk factors (so-called inherent risk) determined by factors related to UniCredit’s size and operations (e.g. number of subjects whose data are processed, type of data processed, number of processes and procedures involved), the outcome of second-level controls (especially related to the “right to be forgotten” management), the proper keeping of the processing register and, lastly, the cases of personal data breach detected during the period. All corrective measures with a deadline identified during 2021, related to findings issued by Internal Audit Function, have been completed. Further activities are to be completed with due date within the first quarter of 2022.

With regard to breaches (so-called data breaches), the Board of Statutory Auditors lastly noted the most significant cases identified during the year, and subject of notification to the Personal Data Protection Authority.

None of the cases reported to the Authority resulted, at the date of submission of the DPO’s Report, in any sanction being issued by the Authority. The BoSA also observed that a direct assessment of compliance with GDPR requirements was carried out by an independent third party as part of the overall assessment of the Group Compliance framework and comparison with market best practices.

During 2021, personal data protection training was provided with a specific course covering all the GDPR general principles, data subject rights, data transfer, data breach, governance, and the responsibilities of individual employees. Given the new developments in European regulations about the transfer of personal data outside the European Economic Area, specific training has also been provided on the Transfer Impact Assessment (TIA) topic.

Sessions dedicated to specific sectors of UniCredit S.p.A. are also planned for 2022 to deal with GDPR aspects specific to their respective activities.

With regard to the provision of investment services and related controls, the Board of Statutory Auditors lastly examined the annual reports prepared by the Control Functions (Internal Audit, Group Risk Management, Compliance) to be submitted to CONSOB.

### **Non-Financial Risks**

The Board of Statutory Auditors noted that, in the context of the reorganization and simplification of the Group Risk Management Function, launched in 2021 (see also paragraph 9 below), the Group Non-Financial Risks (GNFR) structure has been defined, and has been assigned responsibility for the management, control, assessment, mitigation of the Group’s operational and reputational risks, containment of the related losses and risk-weighted assets. The Structure is also responsible for the management and control of ICT/Cyber Risks, by defining the framework for managing the risks, the coordination and monitoring of the Group’s Companies in its implementation, measurement, assessment, and control.

The Board of Statutory Auditors periodically examined the results of the Integrated Risk Report and, with regard to Non-Financial Risks, the BoSA noted the operational losses trend and Operational Risk Weighted Assets, as well as the results of periodic risk assessments and second-level controls on ICT and Cyber Risk. The Board of Statutory Auditors was pleased to note that, net of past issues that are no longer present in the Bank’s risk profile, the downward trend of operational losses continued in 2021 and that no critical issues were reported for ICT and Cyber Risk.

The Board of Statutory Auditors was informed about the initiative, led by the Group Risk Management and Group Operating Office functions, to include the principles of operational resilience, a discipline concerning the ability to prevent and react to disruption, in the framework of corporate policies and practices and to define a specific target operating model.

In February 2022, in the context of the aforementioned initiative to update internal regulations launched by Top Management, the new version of the “Group Operational Risk Management” was approved; such new version defines the rules for identifying, assessing, measuring, monitoring, and reporting Operational Risk in the Group and explains the organizational model, governance principles and the main formal and functional relationships between the Holding Company and Legal Entities. The Board of Statutory Auditors noted the changes introduced with the

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forementioned review, consisting of: (i) content simplification, inclusion of the new Committees and new organizational set-up; (ii) decommissioning and inclusion of a pre-existing Global Policy related to the same topic; (iii) incorporation of methodological adjustments.

The Board of Statutory Auditors also examined the Annual Report on the analysis results of the operational and security risks relating to payment services, required by the Banca d'Italia Supervisory Provisions, identifying the main security measures and areas of improvement identified during the risk assessment phase. The methodology adopted at UniCredit for assessing the related risks is set out in the "Operational Risk Assessment for ICT and Cyber Risk" internal regulations.

### *Focus on ICT Risk*

In the period under examination, the Board of Statutory Auditors continued turning its attention to the ICT Risk topic and met with the competent structures in order to examine the periodic reports on ICT and ICT Security.

In 2021, the Board of Statutory Auditors noted the set-up of the new **Digital & Information Division**, which was designed with the aim of ensuring the inclusion of technology, digitalization, and data in every Bank's strategic decision, in light of the critical importance of such area for future business challenges.

The BoSA examined UniCredit's Digital Transformation Plan, part of the overall Unlocked Strategic Plan 2022-2024, and noted that digital transformation will be pursued on the basis of four strategic pillars: (i) insourcing core skills within the Group; (ii) developing a new way of working, focusing on customers, and building on common platforms; (iii) redesigning architectures and platforms; (iv) producing customized digital experiences.

The BoSA noted that the Group plans to invest €2.8bn in digital and data in the three-year period 2022-2024, in order to transform its technology. In view of this significant objective, as well as the pillar for the operational implementation of the new Strategic Plan, the Board of Statutory Auditors considers of key importance that the Board of Directors and the appointed Management constantly pay the utmost attention and monitor the aforementioned issues.

The BoSA welcomed the continuation of the decreasing trend of IT incidents and of the favorable trend of IT availability in 2021.

The BoSA was informed about the evolution of the Group Security Strategy KPIs, the scope extension of the Digital Security Posture process and the progress of the aforementioned operational resiliency program on IT security processes.

The Board of Statutory Auditors analyzed the annual Internal Audit report on the results of the activities carried out in the Group on Business Continuity, Disaster Recovery and Crisis Management processes and noted that (i) all completed audit activities led to positive assessments; (ii) the Management acted appropriately and promptly in order to mitigate the identified risks; (iii) the audit work did not identify material issues. The Board of Statutory Auditors was informed by the Management about the results of the business continuity activities carried out in 2021 and about the Business Continuity Plan for 2022, updated following the conclusion of the Business Impact Analysis cycle; the Board of Statutory Auditors noted that with regard to all systemic activities defined by Banca d'Italia, UniCredit has robust continuity measures for all risk scenarios. As a whole, the Board of Statutory Auditors observed the business continuity plan to be comprehensive, adequate, functional, and reliable.

With regard to Third Party Risk Management (TPRM), the Board of Statutory Auditors was updated on the progress of the TPRM Program, launched in early 2020 with the aim of defining the process related to Third Parties Relationships; specifically, the Board of Statutory Auditors was informed in relation to: (i) the status of the Group-wide implementation activities of the "Global Policy - Third Party Risk Management (TPRM) for Non-Outsourcing arrangements"; the verification activities of contracts with Third Parties; (iii) ECB recommendations on Third Party Outsourcing and Non-Outsourcing.

The Board of Statutory Auditors noted, inter alia, the positive results of the "Global Audit - Data Loss Prevention: strategies and implementation - Follow-up", which was rated "satisfactory", thanks to a number of progresses in the data loss prevention control framework.

The BoSA was informed about the "Cloud Collaborative Audit" initiatives launched by the Internal Audit Function, in collaboration with the corresponding Functions of other financial institutions, in line with the guidelines published in draft by EBA for the execution of Internal Audit interventions on cloud service providers.

The Board of Statutory Auditors examined the new Group Policy "Digital Security" with which the Group, in line with the requirements of Circular 285/2013 of Banca d'Italia, defines principles and guidelines concerning the definition, implementation, and ongoing improvement of Digital Security in order to ensure an adequate level of protection of digital assets, data, information, and related oversight. The Board of Statutory Auditors noted that the issue of the new version, replacing the previous Global Policy "Cyber and Information Security", allows to: (i) bring about a comprehensive simplification of the most important Digital Security principles; (ii) include the most relevant contents of the ongoing repeal of the Global Operation Regulation "ICT Security Governance Monitoring Methodology"; (iii) introduce some updates resulting from Internal Audit findings aimed at strengthening the overall framework; (iv) update roles, responsibilities, main elements of the Digital Security Strategy and Third Party Digital Security principles.

Lastly, the Board of Statutory Auditors received updates from the Independent Auditors' experts on the audit activities related to the Bank's and the Group's information systems (ISAE 3402 Report E&Y), their design and operational effectiveness.

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### **Other risks - Main and emerging risks**

In the context of a rapidly changing regulatory framework and external scenario, the Board of Statutory Auditors had the opportunity to analyze some of the main changes in terms of main and emerging risks, with the relevant Functions. With regard to such changes, the following were considered significant during 2021: (i) impacts from the evolution of the Covid-19 pandemic; (ii) macroeconomic and (geo-) political challenges in the world; (iii) climate and environmental change risks; (iv) cybersecurity risk; (v) risks resulting from current regulatory developments.

#### *Military invasion of Ukraine*

As already noted in paragraph 7, Russia's decision to launch a large-scale military invasion of Ukraine, which took place on 24 February 2022 and the reactions of many countries and the European Union in terms of economic and financial sanctions, appears to lead to macroeconomic uncertainty, exchange rates, energy and raw material costs, trading, inflation expectations, debt costs and credit risks. Uncertainties are also present in the policies that will be followed by the Central Banks and specifically by the European Central Bank.

More generally, geopolitical tensions appear likely to influence the expectations and behavior of economic players and radically change macroeconomic outlook.

Specific consequences may also affect UniCredit group companies based in Russia, as well as the Group's credit positions with Russian residents, and the positions in derivative instruments. In a press release dated 8 March 2022, UniCredit provided information on the credit position of its subsidiary UniCredit Bank Russia, its Shareholders' equity, and the Parent Company's exposure to it. UniCredit also provided information on cross-border exposure to Russian customers by type of counterparty, as well as on derivative exposure. The above-mentioned statement explains that, in the extreme scenario, where the entirety of the maximum exposure is non-recoverable and zeroed, the impact on UniCredit's 2021- year end CET1 ratio (15.03% inclusive of €1.2bn accrued dividend) would be around 200bps, noting how this would absorb such impact without falling below 13% (data reported at the end of 2021). As already explained in paragraph 2, the Board of Directors confirmed its intention to execute the share buyback up to the previously agreed amount of €2.58 bn, subject to the pro-forma 2021- year end CET1 remaining above 13.0%, considering the final impact on the capital of Russian exposures. The Board of Directors also confirmed the CET1 capital ratio target remains within the range of 12.5-13.0%.

In addition, the reactions of many Countries and the European Union in terms of economic and financial sanctions directly impact on the Group's operations, called upon to apply them in a particularly complex and uncertain context.

UniCredit's Management and Board of Directors are carefully monitoring the situation in order to take the necessary steps, starting with those aimed at complying with international sanctions. In UniCredit's press release dated 8 March 2022, the Bank explains how is continuing to dynamically manage the risk exposure, whilst constantly assessing the potential impact of the conflict on global GDP and public policies.

#### *Cyber Security Risk*

Along with the ongoing digitalization of banking services, that has been accelerated in light of the Covid-19 pandemic, both the financial sector and its customers are increasingly exposed to cyber risks. This requires for enhanced governance with a continued strong focus on data protection and cyber security. The impact of cyber risks can lead to service interruptions, as well as the loss of integrity and availability of data and information. Considering that the Group has been subject to cyber- attacks in recent years that have led, albeit only in a few limited cases, to data theft, the BoSA has closely monitored the initiatives undertaken by Management to address cyber risk and observed that UniCredit is continuously enhancing its cyber security program with the aim of further strengthening security controls.

The Board of Statutory Auditors also notes that the ICT Risk and ICT Security issues appear destined to become increasingly important in a context of ongoing evolution of the level of cyber-attacks, further strengthened by geopolitical dynamics. According to the experts' assessments, these phenomena are likely to worsen in the context of the situation resulting from the above-mentioned military invasion of Ukraine.

### **Other contributions**

With reference to the additional reporting containing information on the internal control and risk management system, the Board of Statutory Auditors noted that, at the date of the present Report, the relevant structures are assessing the internal capital adequacy assessment process (ICAAP), and the overall functionality of the internal liquidity adequacy assessment process (ILAAP), for 2021, whose reports will be prepared in due time. During 2021, the Board of Statutory Auditors, in the review of the 2020 ICAAP and ILAAP assessments, observed for both ICAAP and ILAAP processes that the main indications previously received from ECB or Internal Audit Function were considered and/or included in appropriate action plans and that the relevant regulatory provisions were duly considered by the Bank.

# Report of the Board of Statutory auditors

In conclusion, the Board of Statutory Auditors did not identify critical situations or facts that could make the **internal control and risk management system** as a whole inadequate, even though situations that required the planning and addressing of specific corrective actions did emerge. Lastly, the Board of Statutory Auditors acknowledges the even greater renewed reactivity and proactive nature of the Management in relation to the operational definition and implementation of the actions in order to improve and remedy the detected weaknesses and shortcomings.

## 9. Oversight of the adequacy of the organizational structure

The Board of Statutory Auditors examined the report prepared by the competent Group Organizational Excellence structure which considers the organisational structure of UniCredit S.p.A. to be adequate, by virtue of the robustness of the overall regulatory framework that ensures the uniqueness of the system of responsibility and powers with reference to the Bodies/Committees and the corporate structures.

During 2021, the Board of Statutory Auditors noted the significant organizational changes occurred after the appointment of new Management Team.

In May and June 2021, the Board of Directors approved the **new organizational model of UniCredit S.p.A.** (which was implemented on 1 July, through the launch of a specific project known as "Simplification Program"), which involved a comprehensive review, with reallocation of responsibilities, of the structures/roles first reporting to the Chief Executive Officer, as well as the review of the Management Committees in order to simplify and optimize their overall set-up, reducing the number of Committees and participants, focusing on responsibilities/decision-making processes.

Specifically, the "Group Executive Committee" (**GEC**) was established as the highest Group Executive Committee chaired by the Chief Executive Officer. The GEC leads the Group and its overall business, develops, and implements the Strategic Plan, defines the ESG global strategy, supports the Group Recovery Plan issues and acts as a Group-level risk council with overall responsibility for risk management and control, as well as for managing the Group's risk profile.

Notice was given to the Board of Auditors that the structures were redesigned with the aim of ensuring faster execution levels and decision-making capabilities as well as promoting operational excellence, facilitating even closer links among management, customers, and the communities in which the bank operates.

With effect from August 2021, the Divisions' structures and other Governance Functions have been reviewed to empower the Business Divisions through the assignment of dedicated functions ("country node") directly supporting the business and ensuring, at the same time, the alignment with the Group's initiatives in terms of targets, direction, and purpose.

### Organizational structure

UniCredit adopts an organizational and business model that, while guaranteeing, on one hand, the autonomy of Countries/local Banks on specific activities in order to ensure greater proximity to customers and efficient decision-making processes, maintains, on the other hand, a divisional structure for business/product governance, as well as global control over Digital & Information and Operation Functions.

More specifically, the organizational structure of the Holding Company can be broken down into:

- Group Finance, Group Risk Management, Group Legal, Group Compliance, Group People & Culture, the Functions identified as Competence Lines, together with Internal Audit, aimed at guiding, coordinating, and controlling, for their respective areas of competence, the management of activities and risks at Group as a whole and of the single Legal Entities;
- Italy, Germany, Central Europe & Eastern Europe, Group Client Solutions Divisions: the Business Divisions, responsible for proposing and implementing business strategies and maximizing risk-adjusted value creation for the relevant perimeter, concentrate the responsibility for marketing, service model definition and product development activities referred to customers in their respective segments/geographies;
- Group Digital & Information Division, responsible for defining and implementing the Group's digital transformation through the management of technology and data, embedded into digital solutions that optimise execution and improve the customer experience;
- Group Operations, responsible for overseeing the operating machine with specific focus on costs, procurement, real estate, operations performance management, corporate "physical security" and "health & safety", in line with defined Group strategies, while ensuring synergies, cost reductions and operational excellence;
- Group Stakeholder Engagement governs the Group's reputation and oversees all communication activities to ensure the delivery of coordinated and consistent messages to the Group's multiple stakeholders (investor relations, identity and communication, relationships with institutional counterparties and with the European Banking Supervisory Authorities - and Banca d'Italia);
- Group Strategy & Optimization, responsible for supporting strategic initiatives, including the integration of ESG into the Group's strategy.

The Group Strategy and Optimization and Group Stakeholder Engagement Functions represent the "CEO Office", aimed at supporting the CEO in developing and implementing strategic initiatives.

The Board of Statutory Auditors examined the main organizational changes occurred in 2021, including the following:

- set-up of the "Italy" Division, which includes responsibilities for the Italy perimeter
- cancellation of the role of Co-CEO Western Europe;
- change of the Central Europe & Eastern Europe Division, with the definition of different perimeters of responsibility for the countries of the Central (including Austria) and Eastern areas respectively ;

## Report of the Board of Statutory auditors

- cancellation of the Head of Finance & Controls role with the contextual reallocation of responsibilities and activities;
- cancellation of the Chief Operating Office role (position held by two co-Chief Operating Officers), with contextual reallocation of responsibilities and activities to Group Operations (already existing) and Group Digital & Information Division (new);
- set-up of the new Group Digital & Information Division, under the responsibility of the Group Digital and Information Officer, responsible for digitization and data management activities as an integral part of the final products, in order to optimize execution and improve the customer experience;
- set-up of the role of Group Strategy & Optimization that supports the CEO in managing strategic initiatives, including the integration of ESG issues into the Group's Strategy;
- set-up of the Group Stakeholder Engagement role, which is in charge of coordinating the overall Investor Relations process, Identity and Communications activities, developing relationships with institutional counterparties, managing the relationships with the European Banking Supervisory Authorities (e.g. EBA, ECB) and Banca d'Italia;
- overall review of the Managerial Committees in order to simplify and optimize the related set-up, streamlining the number of Committees and of participants, focusing on the decisional topic and processes. In particular, specific Risk/Control Committees have been set up (in particular the Group Financial & Credit Risks Committee and the Group Non-Financial Risks and Controls Committee) which, through their sessions chaired by the Chief Executive Officer, support the latter in his role of management, coordination and control of strategic issues and all risk categories (including compliance risk) at Group level.

As regards the Italy Division, specific country nodes have been set up within Group Legal, Group Compliance, Internal Audit and Group Risk Management. In addition, specific functions have been shifted to the Italy Division from People and Culture, Group Finance, Group Operations and Group Risk Management. The overall structure of the new Division - revised and simplified as part of the "Simplification Program" - is focused on the "Retail Italy", "Corporate Italy" and "Wealth Management & Private Banking Italy" business areas, responsible for managing the development of sales, commercial and marketing activities for their respective areas of competence.

### *Italy Empowerment Project*

As part of its efforts to strengthen business activities and decision-making processes, by equipping it with the necessary decision-making and operational levers, the Board of Statutory Auditors examined the Empowerment project launched in 2021 aimed at shifting the operational activities and related delegations of powers of the credit sector to the Italy Division. The Board of Statutory Auditors considers such project of key importance as part of the overall structure of first-level controls, with a framework of clear rules, delegation of powers and strengthening of controls involving the competent Risk Management Functions (which are responsible for defining ex ante risk appetite, limits and ex-post controls, issuing prior risk opinions above defined thresholds), appropriate escalation processes where necessary, and in-depth knowledge and closeness to customers by the Territorial Network.

The Board of Statutory Auditors recommends that the incoming Control Body continues monitoring the implementation of such project, since it is expected to be implemented in different phases in 2022.

The Board of Statutory Auditors also noted the outcome of a recent audit rated "satisfactory", aimed at examining, in light of the organizational review, the reorganization and reallocation of activities between the "global" Functions and the Italy Division, and the functioning of the managerial Committees dealing with risk management.

With regard to the aforementioned organizational changes, the Board of Statutory Auditors emphasizes that they are functional to the implementation of the new Strategic Plan.

The Board of Statutory Auditors therefore deems the organizational set-up of UniCredit S.p.A. to be appropriate in its design and implementation to data and agrees on the importance of simplifying and streamlining processes, by ensuring clear ownership and accountability of the processes, stressing the importance of this in conjunction with a strengthening of the first-level controls. Lastly, the BoSA recommends that the incoming Control Body continues monitoring the progressive development of the entire organizational set-up and its adequacy and operational effectiveness.

### **Steering activity**

In the period, the BoSA paid specific attention to issues concerning the strengthening of the Parent Company's steering activities, focusing on the coordination, management and control of smaller Group Companies and foreign subsidiaries.

As part of the simplification process, the first line of each business and geographical area has been redesigned to reduce overlaps and complexity, while maintaining well-defined control and supervisory functions, to further improve overall efficiency.

The Board of Statutory Auditors also noted that further organisational changes were made, aimed at defining the target organisational set-up, strengthening the operational autonomy of the countries (governed by the Business Divisions), in compliance with the defined strategies and guidelines, frameworks and standards issued by the competent "global" functions.

The steering activity in the Group is therefore enhanced by the implementation of an organisational set-up based on (i) reporting the relevant structures to a single Group Executive Member in order to fully implement the strategy of specific competence, (ii) "support" functions with double reporting line to ensure internal local autonomy and in compliance with "global" frameworks, strategies and standards, (iii) Group "control" functions responsible for defining the frameworks and guiding control activities through dedicated internal functions.



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The Board of Statutory Auditors considers the harmonisation of the global approach thus set to be very important, also with a view, inter alia, to further comprehensive enhancing of risk awareness and decrease of compliance and operational risk, and non-or incomplete oversight by central structures.

With regard to the organizational structure of the other Group's Companies, the Board of Statutory Auditors has found out that initiatives are underway to share and adapt to the new organizational model of the Parent Company launched in 2021, through appropriate and careful mirroring initiatives, with the aim of replicating the model in the Companies themselves, always considering the local peculiarities and regulatory framework. Dedicated tools have been prepared to support the Companies, such as the "Orga Blueprint", which identifies the main constituent elements and responsibilities to be mirrored at a local level for each function part of the GEC, and the "Orga Guidelines", which define the Group's standards for the design of functional and efficient organizational structures.

Given the importance of such steering activity, the Board of Statutory Auditors therefore recommends to the incoming Control Body to carry out specific effectiveness analyses on the matter, with the competent structures, during 2022, following the activities currently being validated.

## **Suitability of Control Functions and Activity Plans**

### *Internal Audit Function*

The Board of Statutory Auditors examined the 2021 Group Audit Plan Mid-Year review, revised according to risks prioritization and ongoing projects/initiatives of the Function consistently reviewed considering the adjustments carried out during the year and the 2022 Audit Plan approved by the Board of Directors in January 2022.

The Audit Plan 2022 is part of the Long-Term Audit Plan which, on an ongoing basis, is defined in order to determine the audit priorities of UniCredit S.p.A. over a 5-year period, ensuring a proper coverage of the Bank's processes mapped in the Audit Universe. Such Plan, together with the Internal Audit Guidelines for 2022 communicated to Group Companies, consolidates, based on the Internal Audit professional opinion, the information relating, inter alia, to: i) risk scenarios reported by external sources (EBA, ECB); ii) the contribution of UniCredit S.p.A.'s Top Management; iii) the findings and recommendations of the Supervisory Authorities and External Auditors; iv) the top risk driver reported by the Internal Audit Functions of the main Group companies, as well as the results of the specific risk assessment carried out on the elements of the audit universe.

The Board of Statutory Auditors noted that the Plan also includes a section on internal quality assurance activities: in addition, an External Quality Assurance execution will be carried out by an independent expert in 2022.

In 2021, the Board of Statutory Auditors noted the LEAP (Leading Enhanced Audit Performance) project aimed at reorganizing the Internal Audit Function, strongly encouraging its implementation as part of the broader reorganization of UniCredit's internal control system and emphasized the importance of pursuing with determination the commitment to diversity topic; people's involvement and commitment will be crucial for this project success.

The Board of Statutory Auditors has received updates on the developments in terms of capacity also compared to the past gaps which have been cleared, due to the combined effect of the reduction of assigned resources and the hiring of new resources. Based on the information acquired, the BoSA deems the Function's capacity in performing its duties to be adequate.

### *Group Risk Management*

During the year, the Board of Statutory Auditors examined the "GRM Activity Plan 2021: semiannual update", noting the stage of completion of the activities and projects in the plan. The BoSA also examined the GRM Plan for 2022, approved by the Board of Directors in January 2022, which is structured around the 5 pillars of the new GRM organizational framework: Credit Risk; Financial Risk; Non - Financial Risks; Strategic & Integrated Risks; Model & Validation Risks, for each of which emerging risks have been identified (in accordance with the RAF and ICAAP processes).

The Board of Statutory Auditors also examined the Group Internal Validation (GIV) plan.

Based on the information acquired, the BoSA considers that the size and capacity of the GRM Function is adequate to fulfill its tasks in the light of the ongoing process of credit processes automation - and recommends the continuation of selective hiring activities for the most complex profiles.

### *Compliance Function*

During the year, the Board of Statutory Auditors examined the changes to the revised Compliance Plan 2021 considering the adjustments resulting from the definition of the Compliance Next Program and the Group Compliance Plan 2022 (approved by the Board of Directors in January 2022).

The Plan is based on some key drivers, including increased regulatory and market-driven risks, the new Strategic Plan, the Compliance Next Program, and also considers, inter alia, several compliance culture and conduct initiatives, transversal to all Compliance Plan activities and supports the execution of the new Strategic Plan.

At capacity level, the Board of Statutory Auditors noted that the Compliance Plan does not report any critical issues and also recalls that it has started a specific monitoring of the Compliance Next Program progress; this includes both the definition and implementation of a sizing model for UniCredit S.p.A. to be extended to the other Group Companies, and a hiring activity, already underway, aimed at strengthening the Function with staff with specific skills.

## Report of the Board of Statutory auditors

Specifically, in the Compliance Next Program implementation, a review of the organizational model of the Compliance Function was launched in the second half of 2021, considering the need to simplify processes and increase transparency. The Model review is fundamentally based on: (i) risk driven structures (ii) governance functions, focusing on data management and transformation processes (iii) business contacts.

Based on the information acquired, the Board of Statutory Auditors deems the Function's capacity in performing its duties to be adequate.

In conclusion, overall and in view of the organizational changes in place and planned, together with the activities related to the verification and execution of the Strategic Plan, the BoSA recommends to the incoming Control Body to continuously monitor the evolution of the organizational structure and capacity of the Control Functions.

### 10. Remuneration policies

The Board of Statutory Auditors previously examined the document “**Group Incentive System 2022**”, issuing its positive opinion at the Board of Directors' meeting held on 21 February 2022, which approved the document itself. The Board of Statutory Auditors also acknowledged the Board's approval, at its meeting held on 8 March 2022, of the Directors Report on the remuneration policy to be submitted to the Shareholders' Meeting of 8 April 2022.

The Board of Statutory Auditors also examined the results of the report issued by the Internal Audit Function “2021 Remuneration Policies and Practices”, which ends with the formulation of a “satisfactory” rating.

Lastly, in compliance with the current regulations, the Board of Statutory Auditors examined specifically the proposals for:

- 2021 Goal setting review and 2021 Evaluation and Bonus Payout for the Manager in charge of preparing the Financial Reports;
- 2021 Reference Value for the Head of Internal Audit Function of UniCredit S.p.A;
- 2022 Goal setting for the Chief Executive Officer and the Manager in charge of preparing the Financial Reports;
- and verified the correctness of the Bank's adopted process and criteria, including the consistency with the relevant regulations, thus issuing, where required, its positive opinions to the Board of Directors.

### 11. Sustainability and Integrated Report (Non-Financial Statement)

The Board of Statutory Auditors has taken note of the adherence to the highest standards of policies concerning ESG (Environmental, Social, Governance) and of principles externally monitored and recognised, and the confirmation that ESG topics are considered by UniCredit to be an indispensable and crucial aspect of long-term value creation.

The path undertaken, already started in previous years, is aimed at further integrating ESG factors into the Bank's strategy, core business and processes, looking at both risks and market opportunities and adopting a linear multi-stakeholder approach.

The Board of Statutory Auditors noted that **sustainability** is one of the five strategic imperatives of UniCredit Unlocked, built around UniCredit principles and beliefs and on four fundamentals:

- leading by example, striving for the same high standards sought in those doing business with;
- setting ambitious ESG goals to support customers' need for change;
- equipping oneself with tools to assist customers and communities in navigating the environmental and social transition, through strategic actions across building blocks;
- embracing and investing the resources needed to deliver and reach medium and long-term commitments to enable a more equal and sustainable society.

In particular, it should be noted that sustainability and, therefore, a long-term perspective, allow the strategy contained in the new Strategic Plan, which aims at sustainable returns, a generation of sustainable capital that in turn allows for a sustainable distribution to shareholders.

The Board of Statutory Auditors acknowledges that the path undertaken since 2019, aimed at greater integration of different topics sustainability-related into the Group's corporate strategies, has been strongly strengthened and optimized, also with the propulsive thrust of the aforementioned ESG Board Committee, which was set up in May 2021, whose work the Chairman of the Board of Statutory Auditors and other appointed Statutory Auditor actively participated, also in view of its own oversight function of ESG governance and related issues.

During 2021, the ESG Strategy Council was also set up, a permanent working group composed of Top Management's Members and coordinated by the Head of ESG Strategy & Impact Banking.

The Board of Statutory Auditors noted that for UniCredit, sustainable value is delivered to the stakeholders through four underlying drivers:

- governance model, which supports the implementation of UniCredit ESG strategy, promoting both clarity and accountability;
- targeted country approach: enabling each country to design a dedicated ESG plan which takes into account country-specific priorities;
- culture, putting the values of integrity, ownership and care at the heart of everything done, with diversity and inclusion remaining strategic assets, and employee engagement and training being UniCredit priorities;
- monitoring, reporting and disclosure: striving to invest in the deployment of an ESG IT Global architecture to manage all relevant ESG data, for several monitoring purposes, Multi-Year Plan ESG targets, Green Transition Financing, EU Taxonomy and Pillar III.



# Report of the Board of Statutory auditors

As also stated in the financial statements report, UniCredit:

- in October 2021, joined the Net Zero Banking Alliance, aimed at aligning the lending and investment portfolios with net-zero emissions by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement;
- is the first Italian bank to sign the commitment to “Financial Health and Inclusion”, developed under the framework of the “Principles for Responsible Banking”, as further proof of the bank’s strong social responsibility and dedication to building an inclusive economy for all stakeholders;
- in 2021, through its CEO signed the CEO Champion Commitment “Towards the Zero Gender Gap”: €100 million will be invested to ensuring equal gender pay, which means equal pay for equal jobs.

The Board of Statutory Auditors also noted the update of the Coal and Oil&Gas policies (submitted to the Group Non-Financial Risk Committee in December 2021), and also noted that the Group’s sustainability performance was strengthened with several rating improvements in 2021 and the first part of 2022 (Sustainalytics, S&P Global, Vigeo Eiris, FTSE4Good as well as the recent inclusion in the Corporate Knights Global 100 Index, as the first Company in Italy).

Based on the assumption of sustainable success as a guide for the Board of Directors’ action, the BoSA recommends that the incoming Control Body continues monitoring the integration of ESG priorities into the strategy pursued by Management.

The Board of Statutory Auditors, taken note of Italian Legislative Decree No.254/2016 on the disclosure of non-financial information and the Implementing Regulation issued by Consob with a resolution dated 18 January 2018, No.20267, exercised its functions by supervising the compliance with the provisions contained therein regarding the drafting of the non-financial statement (hereinafter referred to as “DNF”) as part of the Integrated Financial Statements, approved by the Board of Directors on 8 March 2022.

The Board of Statutory Auditors held several meetings with the Function responsible for the DFN’s drafting and the representatives of the appointed External Auditors (Deloitte & Touche), by examining the available documentation; the BoSA considered the Assonime Circular No.13 dated 12 June 2017, a commentary on Italian Legislative Decree No.254/2016 and Legislative Decree No.4 dated 11 February 2019, (“News on non-financial reporting”), and noted the application of the Global Rule “Preparation of Non-Financial Information for the Integrated Report Production”, aimed at defining roles, responsibilities, activities, controls and information flows of coordination between the Parent company and the Group’s Companies and structures.

The BoSA also acknowledged the report issued by the External Auditors on 11 March 2022, which states that no evidence has come its attention that would suggest that the DNF of the UniCredit group, regarding the financial year ended on 31 December 2021, had not been drafted in all significant aspects in compliance with the relevant regulations, and with the GRI Standards (“Global Reporting Initiative Sustainability Reporting Standards” defined by GRI - Global Reporting Initiative).

Based on the information acquired, the Board of Statutory Auditors certifies that, during its examination of the non-financial statement, elements of non-compliance and/or violation of the relevant regulatory provisions have not come to its attention.

## 12. Additional activity by the Board of Statutory Auditors and information requested by Consob

In the performance of its duties, the Board of Statutory Auditors, as required by article 2403 of the Italian Civil Code and article 149 of Legislative Decree 58/1998 Consolidated Law on Finance (TUF):

- exercised oversight on the implementation of the corporate governance rules contained in the codes of conduct that the Company declares to abide by. UniCredit S.p.A. complies with the Corporate Governance Code approved by the Corporate Governance Committee promoted by Ania, Assogestioni, Assonime, Confindustria and Borsa Italiana, and has prepared, pursuant to article 123-bis of Italian Legislative Decree No.58/1998 Consolidated Law on Finance (TUF), the annual “Report on Corporate Governance and Ownership”;
- exercised oversight on the adequacy of the instructions given to subsidiaries pursuant to Art.114, par.2 of Italian Legislative Decree 58/1998 Consolidated Law on Finance (TUF);
- exchanged half-year information and on request with the Boards of Statutory Auditors of the directly controlled companies as required by Art.151, paragraph 2, of Italian Legislative Decree No.58/1998 (TUF) and by the Supervisory Instructions of Banca d’Italia. Furthermore, in January 2022, the Board of Statutory Auditors met the Chairmen of the Boards of Statutory Auditors of the main Italian companies of the Group, in order to receive reports on any critical issues affecting the administration and control systems and the general trend of corporate activity;
- in compliance with the regulations and customary practices, the BoSA met with ECB, acting as Supervisory Authority of the Parent company, for the purpose of a fruitful exchange of information on subjects of mutual interest, including specific issues illustrated in this Report.

With the aim to continuously refining its functions, in compliance with the current regulatory framework and also in line with what discussed during the meetings held with the ECB in the previous financial year, the Board of Statutory Auditors followed up its program of meeting the Group’s main Legal Entities, as part of its supervisory and steering activity carried out by the parent company. To this end, the BoSA met the main company representatives and the Top Management of Zagrebacka Banka in November 2021. The meetings, which resulted in an exchange of information with the aim of an integrated governance, with particular reference to issues specific to the Bank’s themselves, took place in an atmosphere of open discussion, wishing that this constructive opportunity might be organized every year on a recurring basis.

## Report of the Board of Statutory auditors

Since the date of the previous Report of the Board of Statutory Auditors (10 March 2021) and up to the date of this Report (11 March 2022), the following communications have been received, defined by the shareholders as complaints pursuant to article No.2408 of the Italian Civil Code:

- an email communication, dated 13 April 2021, received from Bluebell Capital Partners Limited, in which the Shareholder, with reference to some questions posed by the Shareholder in the phase prior to the Shareholders' Meeting of 15 April 2021, complained of not having received replies (supporting the relevance of the questions to the items on the agenda), or considered the replies received by the Bank to be unsatisfactory;
- an e-mail communication, dated 25 June 2021, received from Bluebell Capital Partners Limited, by which the Shareholder requested the attention of the Board of Statutory Auditors on the issue of guarantees by the Bank in favor of a civil party constituted in the criminal proceedings related to the bankruptcy of the Company Divania S.p.A. The Shareholder points out that such issue, resulting from obtaining by the said civil party of a preventive seizure on the assets of the persons accused in the criminal proceedings, that is, employees/former employees and former managers of UniCredit S.p.A., would have allowed the defendants themselves to obtain the release from seizure of their assets even if the Bank was not involved in the precautionary proceedings;
- a communication by certified e-mail and registered letter, dated 21 January 2022, received from Mr. Francesco Santoro, in which the Shareholder, in relation to some transactions involving the sale of non-performing loans carried out in recent years by the Bank, asked the Board of Statutory Auditors to ascertain any criminal profile in relation, specifically, to the crimes of false corporate communications and self-laundering;
- a communication by certified e-mail, dated 14 February 2022, received from Mr. Marco Bava, in which the Shareholder criticized a transaction between the Bank and a natural person in relation to a dispute of approximately €16 million and asked the Board of Statutory Auditors to examine such matter.

In response to the reports received, the Board of Statutory Auditors promptly carried out adequate in-depth analyses, gathering the information necessary to examine and evaluate the cases submitted with the support of the Bank's relevant Functions. The Board of Statutory Auditors, having verified whether the complained facts were well-founded, in all cases shared the reasonableness of the conclusions proposed by such Functions. Thus, at the end of the analyses carried out, no irregularities were detected that required reporting to the Shareholders' Meeting.

In the same period, the Board of Statutory Auditors received three communications which could be qualified as complaints to the Supervisory Authorities. These communications were analyzed by the Board of Statutory Auditors, which acted promptly to obtain the information necessary to examine and assess the cases submitted from the competent structures. The analyses carried out did not reveal any cases worthy of mention and, to date, no follow-up has been received from the authorities concerned.

During the year, the Board of Statutory Auditors, in addition to what has already been specifically stated in this Report, issued the opinions, and expressed the observations that the current regulations and supervisory provisions for banks assign to its responsibility.

Furthermore, the Board of Statutory Auditors reports that:

- it has taken note of the self-assessment required by the regulatory provisions, carried out by the Board of Directors in the meeting held on 3 March 2022;
- it found that the criteria and procedures establishing the requirements of independence adopted by the Board of Directors (at the Board meeting held on 5 May 2021) to assess the independence of its Members and the substitute Auditor appointed by the Shareholders' Meeting of 15 April 2021, were correctly applied;
- it found that the Board of Directors carried out the verification of the positions held for the purposes of the interlocking prohibition pursuant to article 36 of Italian Legislative Decree 201/2011;
- it verified the fulfilment of the independence requirements of the individual members of the Board of Statutory Auditors and carried out, periodically and occasionally, the acknowledgement and the assessments concerning the communications received by the individual members regarding the number of awarded/lapsed appointments and the associated time commitment;
- in addition to the Board Meetings, it participated in specific meetings with the Directors, also open to the Statutory Auditors, dedicated to the perspectives and key elements of the strategy of the Group and the entire European Banking Sector;
- it oversaw that the transactions undertaken with persons with administrative, managerial or control functions were always conducted in compliance with Art.136 Consolidated Law on Banking (TUB) and Supervisory Instructions.

The Board of Statutory Auditors does not deem it necessary to exercise the option of making proposals to the Shareholders' Meeting pursuant to Art.153, second paragraph of Italian Legislative Decree 58/1998 Consolidated Law on Finance (TUF).

### **Corporate Governance**

The Board of Statutory Auditors of UniCredit S.p.A. operates within the framework of an integrated governance and of adequate and structured internal corporate information flows. The BoSA took note of the information provided in the Report on Corporate Governance and Ownership Structures, approved by the Board of Directors during the meeting held on 8 March 2022.

Since 2001, UniCredit has adopted the Code of Corporate Governance for the Italian Companies with listed shares, issued by the Corporate Governance Committee: in January 2020, the Corporate Governance Committee issued a new version of the Code of Corporate Governance, to be applied starting from 2021. The new features to be assessed when implementing the best practices of the new Code include the proportional application of certain recommendations, proportionate on the basis of the size and of the ownership structures of the Company. UniCredit, being a large company, applies the recommendations addressed to the category of "large companies".

## Report of the Board of Statutory auditors

Considering that 2022 represents the first year in which the companies are called to disclose the means for implementing the new Code, the Italian Corporate Governance Committee deemed appropriate to draft certain recommendations in order to support the compliance process.

Specifically, the above Committee, while acknowledging the convenience of a proportionate approach in the implementing process, encouraged the Boards of Directors to provide a description of their choices as to the following matters and with reference to the areas subject to greater impact, as indicated in the letter of the Chair of said Committee dated 3 December 2021:

- sustainable success: integration of sustainability in strategies, in controls system and in remunerations; dialogue with the generality of shareholders and initiatives to encourage the dialogue with the relevant stakeholders;
- assessment of independence;
- pre-meeting information;
- process for the appointment and succession of Directors (specifically addressed to companies qualifying as “non concentrated”);
- gender equality;
- remuneration policies.

The Board of Statutory Auditors attended the meetings of the Board of Directors and of the relevant Committees of UniCredit S.p.A. - through the Chairman or other appointed Statutory Auditor - where the above-mentioned aspects were the subject of attention and discussion, and the above-mentioned Report on Corporate Governance and Ownership Structures provides a comprehensive description of the initiatives taken by the Bank in this respect.

The Board of Statutory Auditors agrees with the related considerations expressed by the Bank in the above-mentioned Report on Corporate Governance and Ownership Structure, regarding the good quality of the UniCredit Corporate Governance and the lack of criticalities with reference to the above-mentioned aspects highlighted in the letter of the Italian Corporate Governance Committee.

The Board of Statutory Auditors has also constantly monitored how the recommendations of the Corporate Governance Code are actually implemented, intervening with specific requests deemed appropriate, specifically with reference to the pre-meeting information timeliness which shows room for improvement, as recognized by the Bank itself in the Report. The Board of Statutory Auditors also highlights the improvements achieved with regard to sustainability, including an accelerated process of integration of ESG variables into the Bank's strategy and business. In this regard, the Board of Statutory Auditors highlights the set-up of a new ESG Committee within the Board of Directors and the approval of a new ESG strategy (declared “key” component of the new “UniCredit Unlocked” Strategic Plan).

Lastly, with reference to the measures adopted to promote equal opportunities and treatment between genders, the Board of Statutory Auditors notes positively that UniCredit has recently issued the Diversity, Equity, and Inclusion Global Policy to enhance the inclusion of such key principles within the whole organization and in every moment of its employees' journey, from recruiting and onboarding, to learning and development, performance management and compensation. Furthermore, a dedicated monitoring process including relevant metrics and KPIs in the gender diversity dashboard is in place, and relevant data, commitments and initiatives are disclosed within the yearly Group Integrated Report.

On 22 February 2022, the Board of Statutory Auditors completed the self-assessment process on the adequacy in terms of composition, correct and effective functioning of the Body itself. The self-assessment process was carried out in compliance with the Regulations for Corporate Bodies and Committees, adopted in compliance with the Supervisory Provisions on Corporate Governance for Banks and in compliance with the indications contained in the document “Self-assessment of the Board of Statutory Auditors” issued by the National Council of Chartered Accountants and Accounting Experts in May 2019, and without employing external consultants.

The Board of Statutory Auditors carried out the self-assessment on its composition, considering it adequate, also in the light of its development over time and the diversity in terms of skills, competences, and expertise, as well as gender, which ensured the effective ongoing functioning of the Body.

In view of the renewal of the Board of Statutory Auditors for the 2022-2023 financial years, the Board of Statutory Auditors approved the document “Qualitative and quantitative composition of UniCredit S.p.A. Board of Statutory Auditors” with which, in compliance with current regulations, it has previously identified its own qualitative-quantitative composition of the Control Body deemed to be optimal with respect to the goals indicated by the applicable rules, identifying and justifying the theoretical profile (including characteristics of experience, competence and independence) of the candidates that is appropriate to such end, as well as the commitment required. The result of the analysis carried out by the Control Body has been made available to the Shareholders - by means of publication on the Company's website starting from 21 February 2022 - so that they could take it into account when choosing candidates.

The Board of Statutory Auditors reported every six months to the Board of Directors and the IC&RC about the main activities carried out and the recommendations made.

In addition to what has already been stated in paragraph 1. “Appointment and activities of the Board of Statutory Auditors” regarding attendance at meetings of the Bodies, the Board of Statutory Auditors received the usual information flows, during the period (provided for in the “Corporate Bodies and Committees Regulation” and in the policies) on the activities of the Remuneration Committee and Related-Party transactions.

Starting from May 2020, the attendance of the Members of the Board of Statutory Auditors at the meetings of the Board Committees has increased according to the modalities reported in the above-mentioned paragraph 1. The Board of Statutory Auditors has verified how the increase in its attendance at the said Committees has decisively contributed to its effectiveness.

## Report of the Board of Statutory auditors

The BoSA carried out the usual periodic checks, together with the competent Functions, examining a selected sample of reports within the forms pursuant to article 23 of the Articles of Association, detecting no exceptions.

With specific reference to the assignment to the **Board of Statutory Auditors** also of the functions of **Supervisory Body pursuant to Italian Legislative Decree No.231/2001** ("OdV 231"), starting from the renewal of its mandate which took place with the Shareholders' Meeting of 11 April 2019, the Board of Statutory Auditors, charged with functions of Supervisory Body, reported to the Board of Directors every six months on the activities carried out on the implementation of the Organisational and Management Model adopted by UniCredit S.p.A. pursuant to the aforementioned Legislative Decree (at the meetings held on 29 July 2021 and 8 March 2022, respectively).

During the reference period, the Board of Statutory Auditors, acting as 231 Supervisory Body's, oversaw the functioning and compliance with the Model, and the verification and control activity, based on the information made available to it, and it was functional in pursuing the objectives of its effective implementation. The 231 Supervisory Body pursued these objectives with the collaboration of Internal Audit and Compliance Functions without substituting, replacing, or duplicating the control tasks institutionally assigned to these Functions.

The Board of Statutory Auditors has adopted specific operating practices to perform its ordinary role in synergy with the one acting as 231 Supervisory Body.

### Conclusions

The oversight of the Board of Statutory Auditors revealed no censurable actions, omissions or irregularities requiring to be noted in this Report.

During the meetings of the Board of Directors, during which the most significant economic, financial and equity transactions of UniCredit S.p.A. and its subsidiaries were examined, the Board of Statutory Auditors received the information pursuant to Art.150, paragraph 1, of Italian Legislative Decree. 58/1998 Consolidated Law on Finance (TUF).

Based on the information acquired through its oversight activity, the Board of Statutory Auditors did not become aware of any operations during the period covered by this report performed not in compliance with the principles of proper management, resolved and carried out not in accordance with the law and the Company Bylaws, not in the Company's interest, not in accordance with Shareholders' resolutions, manifestly imprudent or reckless, lacking the necessary information where Directors' interests were involved, or prejudicial to the Company's assets.

Having regard to the foregoing, the Board of Statutory Auditors, having examined the reports drawn up by the External Auditors, having noted the joint attestations issued by the Chief Executive Officer and the Financial Reporting Manager, does not find in the areas under its remit any impediment to the approval of the proposal of the financial statements as at 31 December 2021 and of the remuneration proposal submitted by the Board of Directors, as presented in the next paragraph.

### Statement of going concern

In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made a few observations on the current situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports.

The Board of Statutory Auditors emphasizes that the Directors observed the emergence of the Covid-19 pandemic during the financial year 2020 which continued in 2021. Such pandemic determined the introduction of containment measures, in part still ongoing, which have determined, as mentioned above, negative effects that were offset, partially, by the economic relief measures put in place by the Governments.

The Directors have considered these circumstances in the assessments of significant items recognized in the Financial statements of UniCredit S.p.A. as at 31 December 2021, and on the basis of these assessments, believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the Financial statements as at 31 December 2021 were prepared on a going concern basis. Such statement is further reinforced by the approval on 8 December 2021 by the Board of Directors of UniCredit Unlocked strategic plan for the period 2022-2024.

Based upon the aforementioned evaluations, the main regulatory ratios have been taken into account at 31 December 2021, in terms of: (i) the exact figures as at 31 December 2021 (CET1 Ratio Transitional equal to 15.82%; TLAC Ratio equal to 25.45%; Liquidity Coverage Ratio at 182% based on monthly average on 12 months; (ii) the related buffer versus the minimum requirements at the same reference date (CET1 Ratio Transitional: excess of 678 basis points; TLAC Ratio: excess of 590 basis points; Liquidity Coverage Ratio: excess of more than 82 percentage points); (iii) the expected evolution of the same ratios during 2022 (in particular, in 2022, it is expected to maintain a significant margin above the capital requirements, consistently with the UniCredit Unlocked strategic plan target of maintaining or exceeding a CET1 ratio of 12.5%-13%).

Consistent with such evidence, in the Director's Report to submit to the Shareholders' Meeting, the Directors propose to allocate the net profit recorded by UniCredit on an individual basis, amounting to € 10.366.195.749,72, as follows:

- to the Shareholders a dividend of €0.5380 for each share outstanding and entitled to dividend at payment date, for a maximum amount of €1,170,046,000.00, equivalent to approximately 30% of the so-called "Underlying consolidated net profit";
- to social, charity and cultural initiatives in favor of UniCredit Foundation for an amount of €4,000,000.00;

## Report of the Board of Statutory auditors

- to reserves related to the medium-term incentive program for Group Staff for an amount of €65,000,000.00;
- to the statutory reserve for the remaining amount.

Furthermore, in a press release dated 8 March 2022, UniCredit provided information on the overall Russian exposure (its subsidiary UniCredit Bank Russia, mark-to-market and derivative exposure), explaining how in the extreme scenario, where the entirety of the maximum exposure is non-recoverable and zeroed, the impact on UniCredit's 2021- year end CET1 ratio (15.03% inclusive of EUR1.2bn dividend accrued in 2021) would be around 200bps, noting how this would absorb such impact without falling below 13% (data reported at the end of 2021). The Board of Directors also confirmed the CET1 capital ratio target remains within the range of 12.5-13.0%.

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form. These criteria have not changed with respect to the previous year.

\* \* \* \* \*

With the approval of the financial statements as at 31 December 2021, the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 11 April 2019 expires. Consequently, the Shareholders' Meeting of 8 April 2022 is called upon to appoint the new Board of Statutory Auditors for the three-year period 2022 - 2024.

We take this opportunity to thank you for the trust placed in the outgoing Board of Statutory Auditors during its mandate period.

Milan, 11 March 2022

For the Board of Statutory Auditors

The Chairman  
Marco Rigotti







**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of  
UniCredit S.p.A.**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of UniCredit S.p.A. (the "Bank"), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the related notes to the accounts.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

## Recognition of Deferred Tax Assets on tax losses carry forward

### Description of the key audit matter

As indicated in the Notes to the accounts *Part B – Balance sheet – Assets – Section 10 – Tax assets and tax liabilities*, the Bank, also on the basis of the projections of the new strategic plan 2022 – 2024 "UniCredit Unlocked" approved by the Board of Directors of the Bank on December 8, 2021, recognised additional Deferred Tax Assets, previously not recognised, for a total amount equal to 1,164 million Euro on tax losses carry forward.

The Directors of the Bank, as more broadly described in the Notes to the accounts *Part A – Accounting policies – Section 2 – General preparation criteria*, explain that the sustainability test aimed at ascertaining, pursuant to IAS 12, the recoverability of deferred tax assets on the basis of expected future taxable income was conducted considering different macroeconomic scenarios, in order to take into account the current particularly volatile and uncertain market context.

More specifically, for the purposes of testing the sustainability of Deferred Tax Assets, two different scenarios were considered:

- a base-case scenario ("Baseline"), which reflects the scenario outlined in September 2021 and used for the strategic plan 2022 – 2024 "UniCredit Unlocked";
- a worst-case scenario ("Downturn") which, in light of the current context of uncertainty, was developed considering macroeconomic conditions that are worse than the Baseline scenario and which reflects a downward revision of the profitability expected from the new strategic plan.

Considering the significance of the effect of the recognition of the Deferred Tax Assets mentioned above on the net results of the Bank and the complexity and subjectivity inherent in the estimation processes adopted by management in conducting the sustainability test, which are characterised by numerous variables, we have identified the recognition of Deferred Tax Assets on tax losses carry forward as a key audit matter of the financial statements of the Bank as at December 31, 2021.

### Audit procedures performed

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the internal procedures and processes in relation to the preparation of the sustainability test for Deferred Tax Assets;
- verification of the implementation of internal procedures and processes, as well as of the relevant controls on the process related to

the sustainability test;

- analysis and understanding of the main assumptions and hypotheses underlying the estimate of expected future taxable income and verification of their consistency with the forecast data of the 2022 – 2024 strategic plan UniCredit Unlocked;
- analysis and understanding of the model adopted for the sustainability test and verification of the reasonableness of the estimate of the parameters used;
- examination of the sensitivity analyses carried out on the amount of Deferred Tax Assets that can be recognised when the parameters used change;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards.

#### Classification and valuation of the equity investment in UniCredit Leasing S.p.A.

##### Description of the key audit matter

As indicated in the Notes to the accounts *Part C – Income statement – Section 15 – Gains (Losses) of equity investments*, as at December 31, 2021, the equity investment in UniCredit Leasing S.p.A. was classified as an asset held for sale.

This classification and the consequent valuation required by IFRS 5 resulted in a negative impact on the income statement of 280 million Euro, corresponding to the difference between the carrying amount of the equity investment and its fair value, net of expected costs to sell, at the date of the classification.

Considering the relevance of the equity investment in UniCredit Leasing S.p.A. and the complexity and subjectivity in assessing the meet of the requirements for classifying it as an asset held for sale, as well as in estimating its fair value, we identified the classification and measurement of the equity investment in UniCredit Leasing S.p.A. as a key audit matter of the financial statements of the Bank as at December 31, 2021.

##### Audit procedures performed

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the internal procedures and processes in relation to the classification and measurement of non-current assets and disposal groups classified as

held for sale and the associated liabilities;

- verification of the implementation of internal procedures and processes, as well as relevant controls over the process related to the classification and measurement of non-current assets and disposal groups classified as held for sale and the associated liabilities;
- analysis of the actions taken by the Bank in relation to the proposed sale of the leasing company;
- obtaining and analysing, also through discussions with the management, the relevant documentation related to the proposed sale in order to verify the existence of the requirements provided for by the international accounting standard IFRS 5 for the qualification of the equity investment as a non-current asset held for sale;
- verification of the reasonableness of the principles and methods used by the Bank in determining the fair value of the equity investment with respect to the reference accounting standards;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards.

### ***Impairment test of the equity investments in subsidiaries***

#### **Description of the key audit matter**

As indicated in the Notes to the accounts *Part B – Balance Sheet – Assets – Section 7 – Equity investments*, as a result of the impairment test of equity investments in subsidiaries, carried out as at December 31, 2021 also on the basis of the projections of the new strategic plan 2022 – 2024 "UniCredit Unlocked" approved by the Board of Directors of the Bank on December 8, 2021, the Bank recognised impairment reversals equal to 7,930 million Euro in relation to the investment in UniCredit Bank AG for 4,958 million Euro and the investment in UniCredit Bank Austria AG for 2,972 million Euro.

The Directors of the Bank, as more broadly described in the Notes to the accounts *Part A – Accounting policies – Section 2 – General preparation criteria*, explain that the impairment test carried out in accordance with IAS 36 was conducted considering different macroeconomic scenarios, in order to take into account the current particularly volatile and uncertain market context.

More specifically, for impairment testing of the equity investments, two different scenarios were considered:

- a base-case scenario ("Baseline"), which reflects the scenario outlined in September 2021 and used for the strategic plan 2022 – 2024 "UniCredit Unlocked";
- a worst-case scenario ("Downturn") which, in light of the current context of uncertainty, was developed considering macroeconomic conditions that are worse than the Baseline scenario and which reflects a downward revision of the profitability expected from the new strategic plan.

Considering the significance of the reversals of impairment losses recognised and the complexity and subjectivity inherent in the estimation processes adopted by management in conducting the impairment test, which are characterised by numerous variables, we have identified the impairment test of the equity investments in subsidiaries as a key audit matter of the financial statements of the Bank as at December 31, 2021.

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**Audit procedures performed**

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the internal procedures and processes regarding the impairment test process approved by the Directors of the Bank;
- verification of the implementation of internal procedures and processes, as well as of the relevant controls on the process related to the impairment test;
- analysis and understanding of the process for preparing the new strategic plan whose expected cash flows are used to perform the impairment test;
- analysis and understanding of the impairment test model adopted and verification of the reasonableness of the main assumptions underlying the estimation of the cash flow forecasts and of the parameters used by the Directors;
- examination of the sensitivity analysis of the results with reference to the estimation of the main parameters used in the impairment test;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards.

## Risk of uncorrected classification and valuation of performing customer loans

### Description of the key audit matter

As indicated in the Notes to the accounts *Part B – Balance Sheet – Section 4 – Financial assets at amortised cost (Table 4.2 Financial Assets at amortised cost: Breakdown by product of loans and advances to customers)*, loans to customers (stage 1 and stage 2) are equal to 188,688 million Euro.

As more broadly described in the Notes to the accounts *Part E – Information on risks and hedging policies – Section 1 – Credit Risk – 2.3 Measurement methods for expected losses*, the Bank applied managerial overlays to estimate the expected credit losses to include future potential risks related to: i) persisting uncertainties deriving from Covid-19 prolonged effects; ii) expiration of the Covid government measures introduced by the different governments to support the economies. Furthermore, in addition to the specific initiatives put in place starting from financial year 2020 to assure a proper evaluation of the significant increase in credit risk deriving from the Covid-19 pandemic, starting from December 31, 2021, based also on European Central Bank expectations, specific methodological interventions have been introduced in the IFRS9 staging allocation process determining an overall increase of credit exposures classified in Stage 2 and consequently the recognition of higher write-downs in the financial statements.

The context was also characterized by the moratorium extension whose impacts on the Bank's economic and financial situation are reported in the Notes to the accounts in the following sections:

- *Part B – Balance sheet – Assets – Section 4 – Financial assets at amortised cost (4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments);*
- *Part C – Income statements – Section 8 Net losses/recoveries on credit impairment (8.1a Net impairment losses for credit risk relating to financial assets at amortised cost subject to Covid-19 measures: breakdown);*
- *Part E – Information on risks and hedging policies – Section A – Credit quality (A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value and A.1.7a Other loans and advances subject to Covid-19 measures: gross and net value);*

as required in the integration dated December 21, 2021 to the instructions “Circular No.262 requirements - Banks financial statements: schemes and compilation rules” by the Bank of Italy which required also for financial year 2021 a specific information on the effects that the Covid-19 and the measures to support the economy have produced on strategies, objectives and risk management policies, as well as on the financial and equity situation of intermediaries.

Considering the significance of the amount of the performing loans recorded in the financial statements, the increased complexity in the estimation processes adopted by the Bank also to take into accounts persisting prolonged effects Covid-19 pandemic, we have identified the classification of performing loans, with particular reference to performing credit exposures with higher levels of management risk ("watchlist" exposures) and to exposures subject to moratorium- as well as the related process for determining collective loan loss provisions, as a key audit matter of the financial statements of the Bank as at December 31, 2021.

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**Audit procedures performed**

The audit procedures performed, included, among others, the following:

- analysis and understanding of the Bank's internal control system and the relative internal regulations concerning to the credit process which included, in particular, the identification of the organizational and procedural safeguards implemented by the Bank for monitoring credit quality, for the adequacy of the classification according to the provisions of the sector legislation and for the credit valuation in compliance with the applicable accounting standards; such analyses were focused on the main aspects referred to by the Supervisory Authorities following the Covid-19 pandemic;
- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- analysis of the implementation of the procedures and Bank's processes, test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation process;
- analysis and understanding of the main valuation models adopted by the Bank and of the related update, as well as check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network;
- analysis and verification on further assessments made by the Bank for the classification of Stage 2 exposures and for the assessment of counterparties risk;
- checks on a sample basis of the classification according to the provisions of the sector legislation as well as of the related valuation in compliance with the applicable accounting standards;
- analysis and check of the collective valuation of performing loans, also through the development of independent estimates;
- comparative and trend analyses on the volumes of loans to customers and



on related coverage ratios and comparison with the data of the previous year and with sector data;

- examination of the sensitivity analysis carried out by the Bank on the expected losses accounted for at year end to changes in macroeconomic scenarios;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation.

### **Risk of uncorrected classification and valuation of non-performing loans to customers (“bad loans” and “unlikely to pay”)**

#### **Description of the key audit matter**

As indicated in the Notes to the accounts *Part B – Balance Sheet – Assets – Section 4 – Financial assets at amortised cost (table 4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers)*, the net carrying amount of non-performing loans to customers (stage 3) is equal to 3,773 million Euro.

The Report on operations shows that non-performing loans coverage ratio as at December 31, 2021 for bad loans is equal to 78.3% with a net carrying value of 482 million Euro, for unlikely to pay is equal to 49.9% with a net carrying value of 2,977 million Euro and for past due is equal to 37.2% with a net carrying value of 322 million Euro.

In the Notes to the accounts *Part A – Accounting Policies section A.2 – Main items of the accounts Paragraph 15 – Other Information (Impairment)* is described that the valuation of bad loans and unlikely to pay takes place:

- on an analytical basis, on the basis of the estimated recoverable cash flows, discounted at the original interest rate of the financial asset;
- on a statistical basis, through the acknowledgment of coverage levels defined for credit portfolios below a predefined threshold;

and that, in accordance with the IFRS 9, the valuation of non-performing loans was determined by including also the multiple scenarios applicable to this type of exposures including any sales scenarios where the Bank's non-performing loans asset strategy foresees the recovery through their disposal on the market.

Furthermore, starting from 2021 unlikely to pay exposures are partly evaluated based on flat-rate basis for homogeneous types of exposures.

In addition, in the Notes to the accounts *Part E – Information on risks and hedging policies - Section 1 – Credit Risk- 2.3 Measurement methods for*

*expected losses*, at the end of December 2021 the Bank updated its disposal plan including further unlikely to pay exposures for a gross carrying amount of 583 million Euro, which were evaluated on the basis of recovery through their disposal on the market (“Selling Scenario”). Consequently, as of December 31, 2021 the exposures evaluated applying Selling Scenario approach are 1,900 million Euro of gross carrying amount. The inclusion of these exposures in the disposal plan and the consequent evaluation based on expected market prices (defined by observable internal or market benchmarks, depending on the availability of the information and in compliance with internal regulations) led to additional loan loss provisions for 208 million Euro.

Considering the significance of non-performing loans amount recorded in the financial statements and the complexity of the estimation processes adopted by the Bank which implied a complex classification activity into homogeneous risk categories and the use of some variables characterized by a high subjectivity (such as the estimates of expected cash flows, the relative recovery times, the recovery value of any guarantees and the recovery strategies, including the disposal on the market) for the determination of the relative recoverable amount, we have identified the classification of non-performing loans (bad loans and unlikely to pay) and their valuation as a key audit matter of the financial statements of the Bank as at December 31, 2021.

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**Audit procedures performed**

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the related internal regulations regarding: (i) the monitoring of credit quality (ii) the management of non-performing loans (iii) the adequacy of the classification according to the provisions of the sector legislation and (iv) the credit valuation in compliance with the applicable accounting principles;
- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- verification of the implementation of the procedures and Bank’s processes, test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation processes;
- verification of the approval process by the competent bodies of the Bank of the strategy of reducing non-performing credit exposures through the disposal plan;
- analysis and understanding of the valuation model adopted for the determination of the additional loan loss provisions relating to non-performing loans valued on the basis of the recovery expectations

through the sale and verification of the reasonableness of the expected market prices, also through the development of independent estimates;

- analysis and understanding of the main valuation models adopted by the Bank and of the related update, as well as check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network;
- checks on a sample basis, for each category of non-performing loans, of the classification and of the related valuation in compliance with the Bank's internal regulations;
- comparative and trend analyses, for each category of non-performing loans, on the volumes and on related coverage ratios and comparison with the data of the previous year and with sector data;
- analysis of subsequent events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation.

### **Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Bank or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

**Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of UniCredit S.p.A. has appointed us on May 11, 2012 as auditors of the Bank for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS****Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of UniCredit S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

**Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of UniCredit S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of UniCredit S.p.A. as at December 31, 2021, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of UniCredit S.p.A. as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of UniCredit S.p.A. as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Maurizio Ferrero**  
Partner

Milan, Italy  
March 11, 2022

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*





# Ordinary Shareholders' Meeting resolution of 8 April 2022

The Shareholders' Meeting of UniCredit S.p.A. held in Milan on 8 April 2022 resolved in ordinary session on the following items on the agenda.

## Approval of the 2021 financial statements

The Shareholders' Meeting has approved the Financial Statements of UniCredit S.p.A. as at 31 December 2021, along with the Reports of the Board of Directors, the External Auditors and the Board of Statutory Auditors.

## Allocation of the net profit of the year 2021

The Shareholders' Meeting, in reference to the decisions taken upon approval of the 2021 Financial Statements of UniCredit S.p.A., and on the basis of the result for the year 2021 of €10,366,195,749.72, resolved to allocate the net profit as follow:

- to the shareholders a dividend of €0.5380 for each share outstanding and entitled to dividend at payment date for a maximum amount of €1,170,046,000.00;
- to social, charity and cultural initiatives in favor of UniCredit Foundation for an amount of €4,000,000.00;
- to the Reserve related to the medium-term incentive program for Group Staff for an amount of €65,000,000.00;
- to the Statutory reserve for the remaining amount.

## Elimination of negative reserves for the components not subject to change by means of their definitive coverage

The Shareholders' Meeting approved the coverage of the negative reserves totaling €379,972,155.44 through use of the: i) Share Premium Reserve for €350,102,767.29, subject to the release of the necessary authorization by the European Central Bank, to cover to the negative reserve for coupon payments in 2021 related to Additional Tier 1 capital instruments, and ii) Statutory reserve for the amount of €29,869,388.15 to cover the negative reserve from the cash-out in 2021, related to the usufruct contract connected to the Cashes financial instruments.

## Authorisation to purchase treasury shares aimed at remunerating the shareholders. Consequent and inherent resolutions

The Shareholders' Meeting authorised the Board of Directors, pursuant to Articles 2357 of the Italian Civil Code and 132 of the Italian Consolidated Financial Act, to carry out the purchases, in one or more transactions, for maximum ordinary shares of the Company equal to a total expenditure up to Euro 2,579,954,000 and, in any case, not exceeding No.215,000,000 shares, subject to the ECB's authorisation.

Following the authorisation of the ECB and within the limits thereof, the purchases of UniCredit's shares may be carried out within the earliest of: (i) the term of the 18<sup>th</sup> (eighteenth) month from today; 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.

UniCredit's ordinary shares purchases, if executed, must be carried out at a price that will be determined on a case-by-case basis, in compliance with any applicable regulatory requirements, including those of the European Union, in force from time to time, on the understanding that the purchase price cannot diverge downwards or upwards by more than 10 per cent from the official price registered by UniCredit's share in Euronext Milan's trading session, organised and managed by Borsa Italiana S.p.A., on the day prior to the execution of each individual purchase transaction. The authorisation to purchase ordinary shares is part of the activities envisaged in the 2022 - 2024 strategic plan "UniCredit Unlocked", through which UniCredit intends to sustainably increase Shareholder distribution over the course of said Plan.

## Appointment of the Board of Statutory Auditors and of the substitute Statutory Auditors

### Determination of the remuneration due to the Board of Statutory Auditors

The Shareholders' Meeting has appointed, on the basis of a proportional representation mechanism (voto di lista), the members of the Board of Statutory Auditors for the 2022 - 2024 financial years, with a term of office expiring on the date of the AGM called to approve the 2024 financial statements.

According to Clause 30 of the Articles of Association and to current provisions:

- three permanent Statutory Auditors and two stand-in Statutory Auditors were elected from the list obtaining the majority of the Shareholders' votes filed by Allianz Finance II Luxembourg S.à.r.l. (List No.1), with a shareholding equal to around 3.2% of the share capital;
- two permanent Statutory Auditors and two stand-in Statutory Auditors were taken from the list voted by a shareholders' minority, filed jointly by several investment Funds (List No.2), with an overall shareholding equal to around 1.1% of the share capital.

Therefore, the newly appointed Board of Statutory Auditors is made up by Mr. Marco Giuseppe Maria RIGOTTI, as Chairman (from the minority list), Mr. Claudio CACCIAMANI, Mrs. Benedetta NAVARRA and Mr. Guido PAOLUCCI (from the majority list) and Mrs. Antonella BIENTINESI (from the minority list), as permanent Auditors. The stand-in Statutory Auditors appointed are Mrs. Raffaella PAGANI and Mrs. Paola MANES (from the majority list), Mr. Vittorio DELL'ATTI and Mrs. Enrica RIMOLDI (from the minority list).

All the appointed Statutory Auditors declared their independence pursuant to the Legislative Decree No.58/1998, the Decree issued by the Ministry of Economics and Finance No.169/2020, as well as the Corporate Governance Code.

The curriculum vitae of the new Auditors can be found on the Corporate Governance section of the Company website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)).

Furthermore, the Shareholders' Meeting approved the proposal for the yearly remuneration due to the Board of Statutory Auditors' members: €125,000 for each permanent Statutory Auditor and €190,000 for the Chairman, as well as an attendance fee of €400 for each Board of Statutory Auditors' meeting as well as of the other corporate bodies.

## Ordinary Shareholders' Meeting resolution of 8 April 2022

### 2022 Group Remuneration Policy

The Shareholders' Meeting approved the 2022 Group Remuneration Policy which sets out the principles and standards applied by UniCredit to define, implement and monitor the compensation praxis, plans and programs of the Group.

### Remuneration Report

The Shareholders' Meeting approved the Remuneration Report which provides all relevant Group compensation-related information on the remuneration policies, practices and outcomes.

### 2022 Group Incentive System

The Shareholders' Meeting approved the adoption of the 2022 Group Incentive System which, as required by national and international regulatory requirements, provides for the allocation of an incentive in cash and/or in UniCredit ordinary shares to be granted, subject to the achievement of specific performance conditions over a multi-year period to a selected group of UniCredit Group employees.

### Amendment to Group incentive systems based on financial instruments. Consequent and inherent resolutions

The Shareholders' Meeting approved the proposal to make some amendments to certain past Compensation Plans already approved in order to envisage that UniCredit shares to be assigned to the beneficiaries of such Compensation Plans may result, alternatively or in combination, from capital increase or the use of treasury shares purchased for this purpose on the market by UniCredit, subject to obtaining the necessary authorisations.





# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

A reconciliation of the reclassified balance sheet and profit and loss account to the mandatory reporting schedules, is provided below. An explanation for the restatement of comparative figures is provided in the previous sections.

## Balance sheet

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>ASSETS</b>		
Cash and cash balances	72,830	63,334
10. Cash and cash balances	72,830	63,334
Financial assets held for trading	13,939	11,231
20. Financial assets at fair value through profit and loss: a) Financial assets held for trading	13,939	11,238
Change in the reclassified item for the merge of UCI Ireland	-	(7)
Loans to banks	26,711	32,917
40. Financial assets at amortised cost: a) Loans and receivables with banks	37,391	39,917
less: Reclassification of leasing assets IFRS16 in Other financial assets	(17)	(19)
less: Reclassification of debt securities in Other financial assets	(10,663)	(6,532)
Change in the reclassified item for the merge of UCI Ireland	-	(450)
Loans to customers	192,497	208,835
40. Financial assets at amortised cost: b) Loans and receivables with customers	230,447	238,410
less: Reclassification of debt securities in Other financial assets	(37,986)	(30,152)
less: Reclassification of leasing assets IFRS16 in Other financial assets	(53)	(57)
+ Reclassification of loans from Other financial assets - Item 20 c)	89	43
Change in the reclassified item for the merge of UCI Ireland	-	591
Other financial assets	129,555	113,826
20. Financial assets at fair value through profit and loss: b) Financial assets designated at fair value	102	90
20. Financial assets at fair value through profit and loss: c) Other financial assets mandatorily at fair value	5,945	4,352
less: Reclassification of loans in Loans to customers	(89)	(43)
30. Financial assets at fair value through other comprehensive income	36,464	33,837
70. Equity investments	38,414	33,725
+ Reclassification of debt securities from Loans to banks - Item 40 a)	10,663	6,532
+ Reclassification of debt securities from Loans to customers - Item 40 b)	37,986	30,152
+ Reclassification of leasing assets IFRS16 from Loans to banks - Item 40 b)	17	19
+ Reclassification of leasing assets IFRS16 from Loans to customers - Item 40 b)	53	57
Change in the reclassified item for the merge of UCI Ireland	-	5,105
Hedging instruments	5,720	8,864
50. Hedging derivatives	4,362	6,132
60. Changes in fair value of portfolio hedged items (+/-)	1,358	2,435
Change in the reclassified item for the merge of UCI Ireland	-	297
Property, plant and equipment	3,806	4,002
80. Property, plant and equipment	3,806	3,999
Change in the reclassified item for the merge of UCI Ireland	-	3
Goodwill	-	-
90. Intangible assets of which: goodwill	-	-
Other intangible assets	7	6
90. Intangible assets net of goodwill	7	6
Tax assets	11,142	10,664
100. Tax assets	11,142	10,664
Non-current assets and disposal groups classified as held for sale	1,909	255
110. Non-current assets and disposal groups classified as held for sale	1,909	255
Other assets	3,837	3,678
120. Other assets	3,837	3,675
Change in the reclassified item for the merge of UCI Ireland	-	4
<b>Total assets</b>	<b>461,953</b>	<b>452,069</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Balance sheet

	AMOUNTS AS AT	
	12.31.2021	12.31.2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits from banks	86,258	89,152
10. Financial liabilities at amortised cost: a) Deposits from banks	86,265	89,286
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(7)	(7)
Change in the reclassified item for the merge of UCI Ireland	-	(127)
Deposits from customers	224,961	223,467
10. Financial liabilities at amortised cost: b) Deposits from customers	226,028	220,921
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(1,067)	(1,204)
Change in the reclassified item for the merge of UCI Ireland	-	3,750
Debt securities issued	57,724	59,998
10. Financial liabilities at amortised cost: c) Debt securities in issue	57,724	59,019
Change in the reclassified item for the merge of UCI Ireland	-	979
Financial liabilities held for trading	13,636	9,672
20. Financial liabilities held for trading	13,636	9,671
Change in the reclassified item for the merge of UCI Ireland	-	1
Other financial liabilities	5,185	6,076
30. Financial liabilities designated at fair value	4,111	4,863
+ Reclassification of leasing liabilities IFRS16 from Deposits from customers - Item 10 b)	1,067	1,204
+ Reclassification of leasing liabilities IFRS16 from Deposits from banks	7	7
Change in the reclassified item for the merge of UCI Ireland	-	2
Hedging instruments	5,503	10,002
40. Hedging derivatives	4,843	6,031
50. Value adjustment of hedged financial liabilities (+/-)	660	3,432
Change in the reclassified item for the merge of UCI Ireland	-	540
Tax liabilities	13	10
60. Tax liabilities	13	3
Change in the reclassified item for the merge of UCI Ireland	-	7
Liabilities included in disposal group classified as held for sale	-	-
70. Liabilities referable to disposal groups classified as held for sale	-	-
Other liabilities	9,408	9,355
80. Other liabilities	6,943	6,728
90. Provision for employee severance pay	491	557
100. Provisions for risks and charges	1,974	2,065
Change in the reclassified item for the merge of UCI Ireland	-	4
Shareholders' equity:	59,265	49,880
- Capital and reserves	48,899	52,570
110. Valuation reserves	793	395
120. Redeemable shares	-	-
130. Equity instruments	6,595	6,841
140. Reserves	15,131	14,545
150. Share premium	5,446	9,386
160. Share capital	21,133	21,060
170. Treasury shares (-)	(199)	(2)
Change in the reclassified item for the merge of UCI Ireland	-	345
- Net profit (loss)	10,366	(2,690)
180. Profit (Loss) of the year (+/-)	10,366	(2,732)
Change in the reclassified item for the merge of UCI Ireland	-	42
<b>Total liabilities and shareholders' equity</b>	<b>461,953</b>	<b>452,069</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

## Income statement

	YEAR	
	2021	2020
Net interest	3,172	3,511
30. Net interest margin	3,163	3,432
less: Net interest from trading book instruments	8	21
+ Derivatives instruments - Economic Hedges - Others - Interest component	2	9
Change in the reclassified item for the merge of UCI Ireland	-	50
Dividends and other income from equity investments	848	3,670
70. Dividend income and similar revenue	892	3,693
less: Dividends on equity investments, shares and equity instruments mandatorily at fair value	(44)	(24)
Net fees and commissions	4,093	3,556
60. Net fees and commissions	4,093	3,537
+ Commission: Settlement of specific accruals referred to previous years operations	-	22
Change in the reclassified item for the merge of UCI Ireland	-	(3)
Net trading income	539	457
80. Net gains (losses) on trading	385	167
less: Derivatives instruments - Economic Hedges - Others - Interest component	(2)	(9)
90. Net gains (losses) on hedge accounting	(7)	4
100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income	93	23
100. Gains (Losses) on disposal and repurchase of: c) financial liabilities	(11)	10
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	(39)	137
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities (from Item 100 a)	84	105
+ Dividends on equity investments, shares and equity instruments mandatorily at fair value (from Item 70)	44	24
+ Net interest from trading book instruments	(8)	(21)
Change in the reclassified item for the merge of UCI Ireland	-	17
Net other expenses/income	16	(171)
200. Other operating expenses/income	326	210
less: Recovery of expenses	(459)	(442)
less: Leasehold improvements	29	32
less: Integration costs	8	49
less: Net results from trading of physical gold, precious stones and metals	41	8
less: Commission: Settlement of specific accruals referred to previous years operations	-	(22)
+ Income from restated MSA with SIA (from item 160 b)	71	-
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans (from Item 100 a)	-	(2)
Change in the reclassified item for the merge of UCI Ireland	-	(3)
<b>OPERATING INCOME</b>	<b>8,668</b>	<b>11,023</b>
Payroll costs	(2,688)	(2,697)
160. Administrative expenses: a) staff costs	(2,937)	(3,937)
less: Administrative expenses - staff costs - integration costs	249	1,245
Change in the reclassified item for the merge of UCI Ireland	-	(5)
Other administrative expenses	(1,982)	(1,922)
160. Administrative expenses: b) Other administrative expenses	(2,501)	(2,431)
less: Other administrative expenses contributions to Resolution Funds and Deposit Guarantee Schemes (DGS) and Guarantee fees for DTA	538	453
less: Other administrative expenses - integration costs	80	52
less: Other administrative expenses - Income from restated MSA with SIA	(71)	-
+ Other operating expenses/income - leasehold improvements (from Item 200)	(29)	(32)
Change in the reclassified item for the merge of UCI Ireland	-	37
Recovery of expenses	459	402
+ Other operating expenses/income - recovery of expenses (from Item 200)	459	442
Change in the reclassified item for the merge of UCI Ireland	-	(40)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(317)	(336)
180. Net value adjustments/write-backs on property, plant and equipment	(338)	(354)
less: Impairment/write backs of right of use of land and buildings used in the business	6	22
less: Net value adjustments/write-backs on property, plant and equipment - integration costs	18	-
190. Net value adjustments/write-backs on intangible assets	(3)	(2)
Change in the reclassified item for the merge of UCI Ireland	-	(1)
<b>Operating costs</b>	<b>(4,528)</b>	<b>(4,553)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>4,140</b>	<b>6,470</b>



# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Income statement

	YEAR	
	2021	2020
<b>OPERATING PROFIT (LOSS)</b>	<b>4,140</b>	<b>6,470</b>
Net impairment losses on loans and provisions for guarantees and commitments	(978)	(2,736)
100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost	73	124
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans	-	2
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities	(84)	(105)
130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost	(975)	(2,733)
less: Net losses/recoveries on impairment relating to: a) financial assets at amortised cost - debt securities	(11)	9
130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income	(14)	(11)
less: Net losses/recoveries on impairment relating to: b) financial assets at fair value through other comprehensive income - debt securities	14	11
140. Gains/Losses from contractual changes with no cancellations	(3)	(7)
170. Net provisions for risks and charges: a) commitments and financial guarantees given	22	(27)
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,162</b>	<b>3,734</b>
Other charges and provisions	(676)	(588)
170. Net provisions for risks and charges: b) other net provisions	(141)	(130)
less: Net provisions for risks and charges: b) other net provisions - integration costs	3	-
+ Administrative expenses - other administrative expenses contributions to Resolution Funds and Deposit Guarantee Schemes (DGS) and Guarantee fees for DTA (from Item 160 b)	(538)	(453)
Change in the reclassified item for the merge of UCI Ireland	-	(5)
Integration costs	(358)	(1,345)
+ Administrative expenses - staff costs - integration costs (from Item 160 a)	(249)	(1,245)
+ Administrative expenses - other administrative expenses - integration costs (from Item 160 b)	(80)	(52)
+ Other operating income/expenses - integration costs (from Item 200)	(8)	(49)
+ Net provisions for risks and charges: b) other net provisions - integration costs (from Item 170 b)	(3)	-
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on property, plant and equipment - integration costs (from Item 180)	(18)	-
Net income from investments	7,304	(4,793)
220. Profit (Loss) of equity investments	7,364	(4,742)
230. Net gains (losses) on tangible and intangible assets measured at fair value	(9)	(7)
250. Gains (Losses) on disposal of investments	(1)	5
+ Net losses/recoveries on impairment relating to financial assets at amortised cost - debt securities (from Item 130 a)	11	(9)
+ Net losses/recoveries on impairment relating to financial assets at fair value through other comprehensive income - debt securities (from Item 130 b)	(14)	(11)
+ Impairment/write backs of right of use of land and buildings used in the business (from Item 180)	(6)	(22)
+ Net results from trading of physical gold, precious stones and metals (from Item 200)	(41)	(8)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>9,432</b>	<b>(2,992)</b>
Income tax	934	302
270. Tax expenses (income) from continuing operations	934	309
Change in the reclassified item for the merge of UCI Ireland	-	(7)
<b>PROFIT (LOSS) AFTER TAX</b>	<b>10,366</b>	<b>(2,690)</b>
Profit (Loss) from non-current assets held for sale after tax	-	-
290. Profit (Loss) after tax from discontinued operations	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>10,366</b>	<b>(2,690)</b>
Goodwill impairment	-	-
240. Goodwill impairment	-	-
<b>NET PROFIT (LOSS)</b>	<b>10,366</b>	<b>(2,690)</b>
300. Net profit (loss) for the year	10,366	(2,690)

## Annex 2 - Audit fees and other non-audit services

(pursuant to article 149-duodecies, CONSOB Regulation No.11971/99, as supplemented)

(€ million)

DISCLOSURE OF EXTERNAL AUDITORS' FEES - UNICREDIT S.p.A. - FINANCIAL YEAR 2021 - DELOITTE NETWORK					
As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2021 for audit services rendered by the Auditor and firms in its network.					
UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE					
EXTERNAL AUDITING	SERVICE PROVIDER		DESCRIPTION OF SERVICE	FEES <sup>(1)</sup>	
	NAME OF AUDITING FIRM	COMPANY NAME			
Auditing Firm	Deloitte & Touche S.p.A.	UniCredit S.p.A.	Audit of Company and Consolidated accounts and First Half Report, accounting checks and foreign branches <sup>(2)</sup>	3.4	
Auditing Firm Total				3.4	
External Auditing Total				3.4	
UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE					
CHECKING FOR THE PURPOSES OF OTHER OPINIONS	SERVICE PROVIDER		DESCRIPTION OF SERVICE	FEES <sup>(1)</sup>	
	NAME OF AUDITING FIRM	COMPANY NAME			
Auditing Firm	Deloitte & Touche S.p.A.	UniCredit S.p.A.	Limited review on 2021 non financial information, Limited review on 1Q 2021 and 3Q 2021 Company and Consolidated Reports, Comfort Letter for the inclusion of year-end net profit in Common Equity Tier 1 Capital, ISAE 3000 Revised Mifid II, ISAE 3000 Revised TLTRO III, Issuing Comfort Letters concerning bond issues, Signing the Italian tax declaration forms, Supervisory Fees ECB ISA805, English translation of the Auditor's Reports	3.2	
Auditing Firm Total				3.2	
Network Auditing Firm(s)	Deloitte Touche Tohmatsu CPA LLP, Deloitte & Touche Middle Est LLP, Deloitte SL	UniCredit S.p.A.	Statutory audit of foreign branches Shanghai, Abu Dhabi and Madrid financial statements according to local regulations	0.1	
Network Auditing Firm(s) Total				0.1	
Data Checking Total				3.3	
UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE					
OTHER NON-AUDITING SERVICES	SERVICE PROVIDER		DESCRIPTION OF SERVICE	TYPE	FEES <sup>(1)</sup>
	NAME OF THE AUDITING FIRM	COMPANY NAME			
Auditing Firm	Deloitte & Touche S.p.A.	UniCredit S.p.A.	Agreed Upon Procedure (AUP) on Own Funds, AUP on quarterly calculation foreign exchange risk of CIUs, AUP on contributions to the Single Resolution Fund, AUP on Servicing Report Cordusio RMBS, Accounting due diligence	Other services	0.6
Auditing Firm Total					0.6
Network Auditing Firm(s)	Deloitte Consulting S.r.l.	UniCredit S.p.A.	Support to Projects "Cash Management initiative in Banking sector" and "Mobile Leadership Evolution prosecution"	Other services	0.4
Network Auditing Firm(s)					0.4
Other Non-Auditing Services Total					1.0
Grand Total					7.7

## Notes:

(\*) Excluding VAT and expenses.

(\*\*) Contract authorised by the Resolution of the Shareholders' Meeting of 11 May 2012 for a total amount of €2,206,600 (integrated by €150,000 in 2013, by €250,000 in 2016, by €250,000 in 2017, €224,000 in 2018 and by €196,000 in 2019), plus ISTAT indexation amounting to €176,396.

## Annex 3 - Internal pension funds: statement of changes in the year and final accounts

### Internal Pension Funds

As at 31 December 2021 UniCredit S.p.A. with regard to internal pension funds maintain commitments to the funds set up for the employees of the London and the Munich branch - of which the main details follow:

#### Statement of changes in internal pension funds

(€ million)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2021	NO. OF MEMBERS AS AT 12.31.2021	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>Statement of the "Pension fund for employees of the former Banca di Roma - London Branch"</b>	<b>7</b>	<b>19<sup>(*)</sup></b>	Defined benefit		
<b>Opening balance as at 12.31.2020</b>				<b>4.4</b>	
Provisions for the year:					
- Past service cost				0	
- Interest cost on defined benefit obligations				0.1	
- Interest Income on plan assets				(0.1)	
Administrative expenses paid from plan assets				0.1	
Employer Contributions				(1.8)	
Exchange rate effect				0.3	
Actuarial (gains)/losses recognised in the year				(1.4)	
<b>Balance as at 12.31.2021</b>				<b>1.6</b>	
<b>Present value of the liabilities</b>				<b>10.2</b>	
<b>Present value of plan assets</b>				<b>8.6</b>	
<b>Net Liability as at 12.31.2021</b>				<b>1.6</b>	

Note:

(\*) of which 19 deferred benefit

(€ million)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2021	NO. OF MEMBERS AS AT 12.31.2021	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>"Pension fund for the employees of the London Branch" (ex Credito Italiano)</b>	<b>9</b>	<b>59<sup>(*)</sup></b>	Defined benefit		
<b>Opening balance as at 12.31.2020</b>				<b>(1.9)</b>	
Provisions for the year:					
- Current service cost (gross)				0.1	
- Past service cost				-	
- Interest cost on defined benefit obligations				0.4	
- Interest Income on plan assets				(0.5)	
Employer Contributions				(2.0)	
Exchange rate effects				(0.2)	
Actuarial (gains)/losses recognised in the year				(2.6)	
<b>Balance as at 12.31.2021</b>				<b>(6.5)</b>	
<b>Present value of the liabilities</b>				<b>28.2</b>	
<b>Present value of plan assets</b>				<b>34.8</b>	
<b>Net Liability as at 12.31.2021</b>				<b>(6.6)</b>	

Note:

(\*) of which 57 deferred benefit

## Annex 3 - Internal pension funds: statement of changes in the year and final accounts

(€ million)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2021	NO. OF MEMBERS AS AT 12.31.2021	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>"Pension fund for the employees of Munich Branch"</b>	<b>1</b>	<b>46<sup>(*)</sup></b>	Defined benefit		
<b>Opening balance as at 12.31.2020</b>				<b>1.6</b>	
Provisions for the year:				-	
- Current service cost (gross)				0.5	
- Interest cost on defined benefit obligations				-	
- Interest Income on plan assets				-	
Employer Contributions				(1.0)	
Other increases (decreases)				0.1	
Actuarial (gains)/losses recognised in the year				(0.3)	
<b>Balance as at 12.31.2021</b>				<b>0.9</b>	
<b>Present value of the liabilities</b>				<b>3.2</b>	
<b>Present value of plan assets</b>				<b>2.3</b>	
<b>Net Liability as at 12.31.2021</b>				<b>0.9</b>	

Note:

(\*) of which 6 deferred benefit.

## Annex 4 - Securitisation - qualitative tables

Reference is made to the Annexes - Annex 3 - Securitisations - qualitative tables of Consolidated financial statements of UniCredit group with specific reference to UniCredit S.p.A. as Originator which is herewith quoted entirely.

## Annex 5 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

Reference is made to the Annexes - Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same Funds - qualitative tables of Consolidated financial statements of UniCredit group with specific reference to UniCredit S.p.A. as originator which is herewith quoted entirely.





# Incorporations of qualitative information by reference

The following is the list of the incorporations of qualitative information by reference made by the Consolidated financial statements to the Company financial statements:

PART OF THE CONSOLIDATED FINANCIAL STATEMENTS WHERE A REFERENCE IS PRESENT	DESCRIPTION OF THE PART OF THE COMPANY FINANCIAL STATEMENTS WHERE IS DETECTABLE THE QUALITATIVE INFORMATION INCORPORATED BY REFERENCE
Part B - Information on consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20	The paragraph "Information about the units of Atlante Fund and Italian Recovery Fund (former Atlante II)" is incorporated by reference to Part B - Balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20 of the Notes to the accounts. The paragraph "Information about the investments in the "Schema Volontario" (Voluntary Scheme) is incorporated by reference to Part B - Balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20 of the Notes to the accounts.
Part B - Information on consolidated balance sheet - Assets, Section 3 - Financial assets at fair value through other comprehensive income - Item 30	The paragraph "Information about the shareholding in Banca d'Italia" is incorporated by reference to Part B - Balance sheet - Assets, Section 3 - Financial assets at fair value through other comprehensive income - Item 30 of the Notes to the accounts.
Part B - Information on consolidated balance sheet - Assets, Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)	The qualitative disclosure of deferred tax assets and liabilities of the Parent Company is incorporated by reference to Part B - Information on balance sheet - Assets, Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities) of the Notes to the accounts.
Part B - Information on consolidated balance sheet - Liabilities, Section 13 - Group shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180	The paragraphs "12.1 Share capital and treasury shares", "12.2 Share capital - Number of shares: annual changes", "12.3 Capital: other information" and "12.5 Equity instruments; composition and annual changes" are incorporated by reference to Part B - Information on balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 of the Notes to the accounts.
Part C - Information on consolidated income statement, Section 21 - Tax expenses (income) for the period from continuing operations - Item 300	The qualitative disclosure of tax expenses (income) for the period of the Parent Company is incorporated by reference to Part C - Income statement, Section 19 - Tax expenses (income) for the period from continuing operations - Item 270 of the Notes to the accounts.
Part E - Information on risks and hedging policies, Section 1 - Risks of the accounting consolidated perimeter, Qualitative information.	The qualitative disclosure of Olympia transaction is incorporated by reference to the paragraph "Olympia transaction, Part E - Information on risks and hedging policies, Section 1 - Credit risk, Quantitative information, 2. Credit risk management policies.
Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information	The qualitative disclosure with reference to the Italian perimeter of UniCredit S.p.A., reporting specific credit risks committees, is incorporated by reference to Part E - Information on risks and hedging policies, Section 1 - Credit Risk, Qualitative information, 2. Credit risk management policies, 2.1 Organisational aspects of the Notes to the accounts.
Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information, E. Prudential perimeter - Credit risk measurement models	The quantitative information of UniCredit S.p.A. on Credit risk measurement model is incorporated by reference to the paragraph in Part E - Information on risks and hedging policies, Section 1 - Credit Risk, Quantitative information, F. Credit risk measurement models of the Notes to the accounts.
Part E - Information on risks and hedging policies - Section 2 - Risks of prudential consolidated perimeter - Section 2.5 - Operational risks	The paragraph "E. Other claims by customers" and the sub-paragraph "Diamond offer" are incorporated by reference to the similar paragraphs of Part E - Information on risks and hedging policies - Section 5 - Operational risks of the Notes to the accounts. The paragraph "Quantitative information" is partly incorporated by reference to paragraph of Part E - Information on risks and hedging policies - Section 5 - Operational risks of the Notes to the accounts.

# Incorporations of qualitative information by reference

The following is the list of the incorporations of qualitative information made by reference by the Company financial statements to the Consolidated financial statements:

PART OF THE COMPANY FINANCIAL STATEMENTS WHERE A REFERENCE IS PRESENT	DESCRIPTION OF THE PART OF THE CONSOLIDATED FINANCIAL STATEMENTS WHERE IS DETECTABLE THE QUALITATIVE INFORMATION INCORPORATED BY REFERENCE
Report on operations - Introduction and highlights	<p>The paragraph "Share information" is presented by reference to the paragraph "Share information" - Group and UniCredit share historical data series of the Consolidated report on operations.</p> <p>The paragraph "Macroeconomic situation, banking and financial markets" is presented by reference to the paragraph "Macroeconomic situation, banking and financial markets" - Group results of the Consolidated report on operations.</p> <p>References of UniCredit official website where can be found Report on corporate governance and ownership structure, Report on remuneration and Non-financial information are reported in Other information of the Consolidated report on operations.</p> <p>The paragraph "Research and development projects" is presented by reference to the paragraph "Research and development projects" - Other information of the Consolidated report on operations.</p> <p>Information of significant organizational changes and organizational structure are presented by reference to the paragraph "Organisational model" - Other information of the Consolidated report on operations.</p>
Report on operations - Results of the year - Capital and value management	The qualitative disclosure of "Principles of value creation and disciplined capital allocation", "Capital ratios" for information relating to transitional capital requirements and buffers for UniCredit group and "Capital strengthening" are incorporated by reference to the same paragraphs in "Capital and value management" - Group results of the Consolidated report on operations.
Report on operations - Other information	<p>The paragraph "Group activities development operations and other corporate transactions", with specific reference to events relating to the parent company UniCredit S.p.A., is incorporated by reference to the same paragraph "Group activities development operations and other corporate transaction" - Other information of the Consolidated report on operations.</p> <p>The paragraph "Certifications and other communications" is incorporated by reference to the same paragraph "Certifications and other communications" - Other information of the Consolidated report on operations.</p>
Report on operations - Subsequent events and Outlook	<p>The paragraph "Subsequent events", with specific reference to events relating to the parent company UniCredit S.p.A., is incorporated by reference to the paragraph "Subsequent events" - Other information of the Consolidated report on operations.</p> <p>The paragraph "Outlook" is incorporated by reference to the paragraph "Outlook" of the Consolidated report on operations.</p>
Part A - Accounting policies, A.2. Main items of the accounts	The paragraphs relating to main items of the accounts, where applicable, are incorporated by reference to the same paragraphs of Part A - Accounting policies, A.2 Main items of the accounts of the Notes to consolidated accounts.
Part B - Balance sheet - Assets, Section 8 - Property, plant and equipment - Item 80	The description of the "effects produced by update of appraisals" conducted for fair value evaluation is incorporated by reference to the paragraph in Part B - Consolidated balance sheet - Assets, Section 9 - Property, plant and equipment - Item 90 of the Notes to the consolidated accounts.
Part C - Income statement - Section 10 - Other administrative expenses - Item 160	The paragraph "Contributions to Resolution and Guarantee Funds" and "Guarantee fees for DTA conversion" are incorporated by reference respectively to the paragraphs "Contributions to Resolution and Guarantee Funds" and "Guarantee fees for DTA conversion" of Part C - Consolidated income statement - Section 12 Administrative expenses - Item 190 of the Notes to consolidated accounts.

# Incorporations of qualitative information by reference

Part C - Income statement - Section 19 - Tax expenses (income) for the period from continuing operations - Item 270	The description of "Guarantee fees for DTA conversion" is incorporated by reference to the paragraph "Guarantee fees for DTA conversion" of Part C - Consolidated income statement - Section 12 Administrative expenses - Item 190 of the Notes to consolidated accounts.
Part E - Information on risks and hedging policies - Introduction	The paragraph "Introduction" is incorporated by reference to the paragraph "Introduction" of Part E - Information on risks and hedging policies of the Notes to consolidated accounts.
Part E - Information on risks and hedging policies - Section 1 - Credit risk - Qualitative information	Qualitative information relating to "1. General aspects", "2. Credit risk management policies", "3. Non-performing credit exposure", "4. Commercial renegotiation of financial assets and forbore exposures" is partially incorporated by reference to the same paragraphs of Part E - Information on risks and hedging policies Section 2 - Risks of prudential perimeter - 2.1 Credit risk - Qualitative information of the Notes to consolidated accounts.
Part E - Information on risks and hedging policies - Section 1 - Credit risk - Quantitative information	<p>Concerning the classification of credit exposure, of loan commitments and financial guarantees given based on internal and external ratings in force for the UniCredit group reference is made to the paragraph of Part E - Information on risks and hedging policies - Section 2 - Risks of the prudential consolidated perimeter of the Notes to consolidated accounts.</p> <p>Quantitative information regarding the sales of financial assets to Investment Funds, receiving as consideration units issued by the same Funds in entirety incorporated by reference to Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter of the Notes to consolidated accounts.</p> <p>The paragraph "E.4 Covered bond transaction" is incorporated by reference to the paragraph "D.4 Covered bond transaction" Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information of Part E - Information on risks and hedging policies of the Notes to consolidated accounts.</p>
Part E - Information on risks and hedging policies, Section 2 - Market risk	<p>Qualitative information as introduction ("Risk management strategies and processes", "Structure and organisation", "Risk measurement and reporting systems", "Hedging policies and risk mitigation", "Internal model for price, interest rate and exchange rate risk of the Regulatory trading book") is incorporated by reference to qualitative information of paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts.</p> <p>Qualitative information of "2.1 Interest rate risk and price risk - Regulatory trading book", "2.2 Interest rate and price risk - Banking book" and "2.3 Exchange rate risk" is incorporated by reference to qualitative information of paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts.</p> <p>Quantitative information of paragraph "3. Regulatory trading portfolio: internal models and other methods for sensitivity analysis" of Interest rate risk and price risk - Regulatory trading book and of "2. Internal models and other methodologies for sensitivity analysis" of Exchange rate risk is incorporated by reference to qualitative information of paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market Risk of the Notes to consolidated accounts.</p> <p>Information on "Credit spread risk" and "Stress test" are incorporated by reference to the relevant paragraphs in Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts.</p>
Part E - Information on risks and hedging policies, Section 4 - Liquidity risks	Qualitative information is incorporated by reference to qualitative information of paragraph of Part E Information on risks and hedging policies Section 2 - Risk of the prudential consolidated perimeter - 2.4 Liquidity risk of the Notes to consolidated accounts.

# Incorporations of qualitative information by reference

Part E - Information on risks and hedging policies, Section 5 - Operational risk, Qualitative information	<p>The paragraph "A. General aspects, operational processes and methods for measuring operational risk" is incorporated by reference paragraph "A. General aspects, operational processes and methods for measuring operational risk" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p> <p>The paragraph "B. Risks arising from legal disputes" is incorporated by reference to paragraph "B. Risks arising from legal disputes" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p> <p>The paragraph "C. Risks arising from employment law cases" is incorporated by reference to paragraph "Risks arising from employment law cases" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p> <p>The paragraph "D. Risks arising from tax disputes" is incorporated by reference to paragraph "D. Risks arising from tax disputes" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p>
Part E - Information on risks and hedging policies, Section 5 - Operational risk, Quantitative information	Quantitative information is incorporated by reference to the relevant paragraph in Part E - Information on risks and hedging policies - Section 2 - Risk of the prudential consolidated perimeter - 2.5 Operational risks of the Notes to consolidated accounts.
Part E - Information on risks and hedging policies, Section 6 - Other risks	Qualitative information of paragraphs "Other risks included in Economic capital", "Reputational risk" and "Top and emerging risks" is incorporated by reference to qualitative information in different paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.6 Other risks of the Notes to consolidated accounts.
Part F - Shareholders' equity	The paragraph "A. Qualitative information" is incorporated by reference to paragraph "A. Qualitative information" of Part F - Consolidated shareholders' equity of the Notes to consolidated accounts.
Part F - Shareholders' equity	The paragraph "Section 2 - Own funds and banking regulatory ratios" is incorporated by reference to section the own funds disclosure and capital adequacy reported into the UniCredit group disclosure (Pillar III).
Part H - Related-party transactions	The paragraph "Introduction" and the qualitative information of paragraph "2. Related-party transactions" are incorporated by reference to paragraphs "Introduction" and "2. Related-party transactions" of Part H - Related-party transactions of the Notes to consolidated accounts.
Part I - Share-based payments	The paragraph "A. Qualitative information" and paragraph "B. Quantitative information -1. Annual changes" are incorporated by reference to paragraphs "A. Qualitative information" and "1 B. Quantitative information -1. Annual changes" of Part I - Share-based payments of the Notes to consolidated accounts.
Annex 4 - Securitisations - qualitative tables	Information is incorporated by reference to information in Annex 3 - Securitisations - qualitative tables of the consolidated financial statements.
Annex 5 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables	Information is incorporated by reference to information in Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables of the consolidated financial statements.





# Glossary

ITEM	DESCRIPTION
<b>ABB Accelerated Bookbuild</b>	An accelerated bookbuild is a form of offering in the equity capital markets of material stake of a company's share to institutional investors.
<b>ABCP Conduits - Asset Backed Commercial Paper Conduits</b>	<p>Asset Backed Commercial Paper Conduits are a type of "SPV - Special Purpose Vehicle" (see item) set up to securitise various types of assets and financed by Commercial Paper (see item).</p> <p>Commercial Paper generally matures in 270 days, with payment of principal and interest depending on the cash flow generated by the underlying assets.</p> <p>ABCP Conduits may be single-sellers or multi-sellers according to the number of issues they make. Conduits generally require several SPVs. The first-level vehicles issue the Commercial Paper and finance one or more second-level vehicles or Purchase Companies (see item) which purchase the assets to be securitised.</p> <p>An ABCP Conduit will have the following:</p> <ul style="list-style-type: none"> <li>• issues of short-term paper creating a maturity mismatch between the assets held and the paper issued;</li> <li>• liquidity lines covering the maturity mismatch; and</li> <li>• security covering default risk in respect of both specific assets and the entire programme.</li> </ul>
<b>ABS - Asset Backed Securities</b>	Debt securities, generally issued by an "SPV - Special Purpose Vehicle" (see item) guaranteed by assets of various types such as mortgage loans, consumer credits, credit card receivables, etc. Principal and interest payments are subject to the performance of the securitised assets and the existence of any further security guaranteeing the bond. ABSs are divided into tranches (senior, mezzanine and junior) according to the priority with which principal and interest will be paid.
<b>AC</b>	Financial asset amortised at cost.
<b>Acquisition finance</b>	Finance for business acquisition operations. The most common form of Acquisition finance is the leveraged buy-out (see Leveraged finance).
<b>Affluent</b>	Banking customer segment whose available assets for investment are regarded as moderate to high.
<b>Allocated capital</b>	It represents the amount of capital absorbed by the Group and the Divisions to perform their business activities and to cover all the types of related risks. It is measured by Regulatory Capital obtained by multiplying risk-weighted assets by target Common Equity tier 1 ratio, plus certain regulatory deductions (e.g. shortfall, securitisations, equity exposures). If calculated as actual figure it can be also titled Capital.
<b>ALM - Asset &amp; Liability Management</b>	Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimise the risk/return ratio.
<b>AMA - Advanced Measurement Approach</b>	Applying this methodology the operational risk requirement is obtained with calculation models based on operational loss data and other evaluation elements collected and processed by the bank. Admittance threshold and specific suitability requirements have been provided for the use of the standardised and advanced approaches. For the AMA approach the requirements concern, beside the management system, also the measurement system.
<b>Asset management</b>	Activities of management of the financial investments of third parties.
<b>Audit</b>	Process of controlling a company's activities and accounting, carried out either by an internal body (internal audit) or by an external firm of auditors (external audit).
<b>Back-testing</b>	Statistical technique which entails the comparison of model estimates of risk parameters with the ex-post empirical evidences.
<b>Bad Loans</b>	Exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank (i.e. irrespective of whether any, secured or personal, guarantees covering the exposures).
<b>Bank Levy</b>	Charges applied at national level specifically to financial institutions, mainly based on balance sheet figures, or parts of it.
<b>Banking Book</b>	Portfolio that identifies the technical forms of lending and funding typical of the core business of the bank, including consumer and residential loans, investments in securities, deposits, etc.
<b>Basel 2</b>	<p>New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks.</p> <p>Such prudential regulation, which came into force in Italy in 2008, is based on three pillars.</p> <p><b>Pillar 1</b></p> <p>While the objective of a level of capitalization equivalent to 8% of the risk-weighted exposures remains unchanged, a new set of rules has been defined for measuring the typical risks associated with banking and financial activities (credit risk, counterparty risk, market risk and operational risk) which provides for alternative calculation methods characterised by different levels of complexity, with the ability to use internally developed models subject to prior authorization by the Regulatory Authority;</p> <p><b>Pillar 2</b></p> <p>This requires the banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar 1), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ICAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures;</p> <p><b>Pillar 3</b></p> <p>It refers to the obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.</p>



# Glossary

ITEM	DESCRIPTION
<b>Basel 3</b>	As a consequence of the crisis that, since 2008 has hit the financial markets, the Basel Committee on Banking Supervision has approved the substantial enhancement of the minimum capital requirements and the changes to the rules on the liquidity of banks (Basel 3) by providing for the gradual introduction of the new prudential requirements as at 1 January 2014. These rules have been implemented at the European level through the CRD IV "Package".
<b>Best practice</b>	Behaviour commensurated with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.
<b>BRRD - Bank Recovery and Resolution Directive</b>	European Directive that introduced harmonised rules on the recovery and resolution of credit institutions and investment firms.
<b>CBO - Collateralised Bond Obligations</b>	CDO - Collateralised Debt Obligations (see item) with bonds as underlyings.
<b>CDO - Collateralised Debt Obligations</b>	<p>Bonds issued by a vehicle with loans, bonds, ABS - Asset Backed Securities (see item) or other CDOs as underlyings. CDOs make it possible to derecognise assets in the bank's balance sheet and also to arbitrage the differences in yield between the securitised assets and the bonds issued by the vehicle.</p> <p>CDOs may be funded if the vehicle legally acquires title to the assets or unfunded if the vehicle acquires the underlying risk by means of a CDS - Credit Default Swap (see item) or similar security.</p> <p>These bonds may be further subdivided as follows:</p> <ul style="list-style-type: none"> <li>•CDOs of ABSs, which in turn have tranches of ABSs as underlyings;</li> <li>•Commercial Real Estate CDOs (CRE CDOs), with commercial property loans as underlyings;</li> <li>•Balance sheet CDOs which enable the Originator (see item), usually a bank, to transfer its credit risk to third investors, and, where possible under local law and supervisory regulations, to derecognise the assets from its balance sheet;</li> <li>•Market Value CDOs whereby payments of interest and principal are made not only out of cash flow from the underlying assets, but also by trading the instruments. The performance of the notes issued by the vehicle thus depends not only on the credit risk, but also on the market value of the underlyings;</li> <li>•Preferred Stock CDOs with hybrid debt/equity instruments or Preference shares (see item) issued by financial institutions;</li> <li>•Synthetic Arbitrage CDOs which arbitrage the differences in yield between the securitised assets acquired synthetically by means of derivatives and the bonds issued by the vehicle.</li> </ul>
<b>CDS - Credit Default Swap</b>	A derivative in which a seller of protection engages, for a fee, to pay the buyer of protection a fixed amount should a certain event indicating a deterioration of the creditworthiness of a reference entity occur.
<b>CGU - Cash Generating Unit</b>	A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
<b>CIU - Collective Investment Undertakings</b>	Collective Investment Undertaking means an UCITS "Undertakings for Collective Investments in Transferable Securities" that may be constituted in accordance with contract law (as common funds managed by management companies), trust law (as unit trusts), or statute (as investment companies), an AIF (Alternative Investments Fund) or a non-EU AIF.
<b>Commodity risk</b>	The risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.
<b>Common Equity Tier 1 Capital</b>	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
<b>Common Equity Tier 1 Capital Ratio</b>	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
<b>Corporate</b>	Customer segment consisting of medium to large businesses.
<b>Cost of risk</b>	The annualised ratio between loan loss provisions and average net volumes of loans and receivables with customers. It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.
<b>Cost/Income Ratio</b>	The ratio between operating expenses and operating income. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.
<b>Counterparty Credit Risk</b>	The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.
<b>Covered bond</b>	A bond which, as well as being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV - Special Purpose Vehicle (see item).
<b>CRD - Capital Requirement Directive</b>	<p>Directives (EU) 2006/48 and 2006/49, incorporated into Banca d'Italia Circular No.263/2006 of 27 December 2006 as amended.</p> <p>The CRDIV "Package" has replaced the two aforementioned Directives and consists of the Directive (EU) 2013/36 on the taking up of the business of credit institutions and prudential supervision and the Regulation (EU) 575/2013 on prudential requirements, incorporated into Banca d'Italia Circular No.285 of 17 December 2013 as amended.</p>
<b>CRD V</b>	Amendment to the CRD IV "Package".
<b>Credit Quality Step (or creditworthiness)</b>	Step, based on external ratings, used to assign risk weights under credit risk Standardised Approach.

# Glossary

ITEM	DESCRIPTION
<b>Credit risk</b>	The risk that an unexpected change in the creditworthiness of a counterparty, the value of the guarantees provided by it or the margins used by it in the event of insolvency might produce an unexpected change in the value of the bank's credit position.
<b>Creditworthiness (or Credit quality step)</b>	See item "Credit quality step".
<b>CRM</b>	Credit Risk Mitigation is a set of techniques, contracts accessories to the loan or other instruments (e.g. securities, guarantees), which allows a reduction of the credit risk capital requirements.
<b>CRR - Capital Requirements Regulation</b>	Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013, and subsequently amendment in Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2"), on prudential requirements for credit institutions and investment firms and that amending Regulation (EU) 648/2012.
<b>CRR2</b>	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2") amending Regulation (EU) 575/2013 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 Regulation (EU) 648/2012 (see also "CRR" definition).
<b>Currency risk</b>	The risk that the value of the instrument decreases due to foreign exchange rates changes.
<b>CVA - Credit Valuation Adjustment</b>	Adjustment to the valuation of a portfolio of transactions reflecting the market value of the counterparties' credit risk.
<b>Cyber security risk</b>	Cyber security risk is the probability of exposure or loss resulting from a cyber-attack or data breach on the organization.
<b>Daily VaR</b>	It reflects the Value at Risk risk measures calibrated to a 1-day holding period to compare with the 99% confidence level with its trading outcomes.
<b>Default</b>	A party's declared inability to honor its debts and/or the payment of the associated interest.
<b>Duration</b>	This is generally calculated as the weighted average of the maturities for payment of the interest and capital associated with a bond, and represents an indicator of the interest rate risk to which a security or a bond portfolio is subject.
<b>EAD - Exposure At Default</b>	With reference to the on-balance and off-balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the IRB - Internal Rating Based (see item) advanced approach are allowed to estimate EAD (see item). Other banks are required to refer to regulatory estimations.
<b>Earnings at risk</b>	The change in interest rates affects earnings by changing the net interest income and, depending on the accounting treatment of the individual balance sheet items, it can be reflected directly in equity, following the change in their market value.
<b>EBA - European Banking Authority</b>	The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.
<b>ECB - European Central Bank</b>	Central bank for Europe's single currency, the euro. The ECB's main task is to preserve the purchasing power of the single currency thus ensuring the maintenance of price stability in the Euro area.
<b>Economic capital</b>	Level of capital required to a bank to cover losses in excess of those expected that could occur with a one-year horizon and a certain probability or confidence level.
<b>Economic value</b>	The change in interest rates impacts the theoretical economic value of assets, liabilities and off-balance sheet instruments, following the change in their current value.
<b>EL - Expected Losses</b>	Expected Losses are the losses recorded on average over a one year period on each exposure (or pool of exposures).
<b>ELOR - Expected Losses on Revenues</b>	ELOR is a ratio estimated, for the Group and for the main legal entities, with a statistical model, based on the historical losses time series, forward looking factors and the budget revenues.
<b>EPS - Earnings Per Share</b>	An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares).
<b>Equity risk</b>	The risk that the value of the instrument decreases due to stock or index prices changes.
<b>ESG - Environmental, Social and Governance</b>	Refers to criteria used to measure the environmental, social and governance impact of the company and highlight the sustainability of its initiatives.
<b>ESMA - European Securities and Markets Authority</b>	Authority the works in the field of securities legislation and regulation to improve the functioning of financial markets in Europe.
<b>EVA - Economic Value Added</b>	EVA is equal to the difference between the Net Operating Profit After Tax ("NOPAT" Net Operating Profit After Tax - see item) and the cost of the allocated capital. It expresses the ability to create value in monetary terms.
<b>Expected Shortfall</b>	Risk measure representing the expected loss of a portfolio or a counterparty calculated in the scenarios of loss exceeding the VaR.
<b>Factoring</b>	Contract for the sale without recourse (with credit risk borne by the buyer) or with recourse (with credit risk borne by the seller) of commercial credits to banks or specialist companies, for the purposes of management and collection. It may be associated with financing in favor of the seller.

# Glossary

ITEM	DESCRIPTION
<b>Fair value</b>	The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.
<b>FINREP</b>	Document issued by the Committee of European Banking Supervisors (CEBS). The Committee gives advice to the European Commission on policy and regulatory issues relating to banking supervision; it also promotes cooperation and convergence of supervisory practice across the European Union. The objective of FINREP is to provide guidelines for the implementation of the consolidated Financial Reporting framework for supervisory purposes; it is based on International Financial Reporting Standards (IFRSs).
<b>FL - Forward looking</b>	IFRS9 adjustment that allows to reflect in the credit parameters the expectations about the future evolution of the economic cycle.
<b>Forbearance/Forborne exposures</b>	According to EBA Implementing Technical Standards, forborne exposures consist of exposures to which forbearance measures have been extended, i.e. concessions towards a debtor who is facing or about to face difficulties in meeting its financial commitments ("financial difficulties").
<b>Forwards</b>	Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (see item) markets, in which the conditions are fixed when the contract is agreed but execution will take place at a predetermined future date, by means of the collection or payment of differentials calculated with reference to various parameters according to the subject of the contract.
<b>FRTB - Fundamental Review of Trading Book</b>	Fundamental Review of Trading Book consists in a set of proposals by the Basel Committee on Banking Supervision for a new market risk-related capital requirement for banks. This reform this reform is often named as "Basel IV".
<b>FTE - Full Time Equivalent</b>	The number of a company's full-time employees. Part-time employees are considered on a pro-rata temporis basis.
<b>Full Revaluation Approach</b>	A methodology behind the historical simulation approach for VaR calculation, when the value of a portfolio is estimated by the complete revaluation of its value according to the simulation results.
<b>Funding</b>	Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.
<b>Futures</b>	Standardised contracts whereby the parties undertake to exchange money, transferable securities or goods at a present price at a future date. These contracts are traded on regulated markets, where their execution is guaranteed.
<b>FVOCI</b>	Financial asset at Fair Value through Other Comprehensive Income.
<b>FVtPL</b>	Financial Assets at Fair Value through Profit and Loss.
<b>GAR - Green Asset Ratio</b>	The Green Asset Ratio (GAR) is based on the EU Sustainable Finance Taxonomy and is a Paris aligned ratio that can be used to identify whether banks are financing sustainable activities, such as those consistent with the Paris agreement goals.
<b>GDP - Gross Domestic Product</b>	Total market value of the products and services produced by Country residents in a given time frame.
<b>GERMAS - Group Ermas</b>	Group platform used to compute Interest Rate Risk ("IRR") positions.
<b>GHOS - Governors and Heads of Supervision</b>	This is the oversight body of the Basel Committee on Banking Supervision.
<b>Goodwill</b>	The additional sum paid for the acquisition of an equity interest, equal to the difference between the cost and the corresponding share of net assets, for the portion not attributable to the identifiable assets of the acquired company.
<b>GW BANKS</b>	IRB calculation model - Group Wide model Financial Institution & Banks.
<b>GW MNC</b>	IRB calculation model - Group Wide Multinational Corporate.
<b>Hedge Fund</b>	Speculative mutual investment fund adopting hedging techniques which generally are not used by ordinary mutual funds, in order to deliver a constant performance, which is only hardly linked to reference markets. Hedge Funds are distinguished by a limited number of partners and require a high minimum level of investment.
<b>IAS/IFRS</b>	International accounting standards issued by the International Accounting Standard Board (IASB), a private international body established in April 2001, involving representatives of the accounting professions of the principal countries and, as observers, the European Union, IOSCO (International Organisation of Securities Commissions) and the Basel Committee. This body is the successor of the International Accounting Standards Committee (IASC), set up in 1973 to promote harmonisation of the rules for the preparation of company accounts. When the IASC became the IASB, it was decided, among other things, to name the new accounting principles "International Financial Reporting Standards" (IFRS). At international level, work is currently underway to harmonise the IAS/IFRS with the US GAAP - United States Generally Accepted Accounting Principles (Accounting principles issued by the Financial Accounting Statement Board-"FASB", generally accepted in the USA).
<b>ICAAP - Internal Capital Adequacy Assessment Process</b>	The discipline of the so called "Pillar 2" requires banks to implement processes and systems to determine the level of internal capital adequate to face any type of risk, also different from those provided by the capital requirements (Pillar 1) rules; in the scope of an assessment of the exposure, actual and future, that has to consider also the strategies and the evolution of the reference environment.
<b>ILAAP - Internal Liquidity Adequacy Assessment Process</b>	It requires the banks to have processes and tools for determining the adequate level of total internal liquidity (Internal Liquidity Adequacy Assessment Process - ILAAP) for covering liquidity risk, within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ILAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures.

# Glossary

ITEM	DESCRIPTION
<b>ILC - Italian Large Corporate</b>	IRB calculation model - Italian Large Corporate.
<b>Impaired loans</b>	Loans are subjected to periodic examination in order to identify those which, following events occurring after their entry in the accounts (at the market value, normally equal to the disbursed amount including the transaction costs and revenues directly attributable to the disbursement of the loan), show objective signs of a possible loss of value. This category includes loans that have been classed as bad, doubtful, restructured or overdue, in accordance with Banca d'Italia rules consistent with IAS/IFRS (see item).
<b>Impairment</b>	Within the framework of the IAS/IFRS (see item), this refers to the loss of value of a balance sheet asset, recorded when the book value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.
<b>Interest rate risk - (IRR)</b>	Interest rate risk expresses the exposure to unfavorable changes in interest rates on the economic value of the equity and on the expected interest margin.
<b>Investor</b>	Any entity other than the Sponsor (see item) or Originator (see item) with exposure to a securitisation.
<b>IRB - Internal Rating Based</b>	Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of Basel 2 (see item). The rules are applied to the exposures of the banking portfolio. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure. The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for "PD - Probability of Default" and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for "PD - Probability of Default", "LGD - Loss Given Default", "CCF - Credit Conversion Factors" and, where provided for, "M - Maturity" (see item). The use of IRB methods for the calculation of capital requirements is subject to authorisation from Banca d'Italia.
<b>IRC - Incremental Risk Charge</b>	Incremental Risk Charge is a measure of potential losses arising from default and migration risks of unsecuritised credit products over a 1-year capital horizon at a 99.9% confidence level, taking into account the liquidity horizons of individual positions.
<b>IRS - Interest Rate Swap</b>	See "Swap".
<b>Joint venture</b>	Agreement between two or more companies for the conduct of a given economic activity, usually through the constitution of a joint stock company.
<b>Junior, Mezzanine and Senior exposures</b>	In a securitisation transaction, the exposures may be classified as follows: <ul style="list-style-type: none"> <li>• junior exposures are the last to be repaid, and consequently absorb the first loss produced by the securitisation transaction;</li> <li>• mezzanine exposures are those with medium repayment priority, between senior and junior;</li> <li>• senior exposures are the first to be repaid.</li> </ul>
<b>Ke</b>	The cost of equity is the minimum return on investment required by the shareholder. It is the sum of a risk-free rate and an additional spread remunerating the shareholder for the market risk and the volatility of the share price. The cost of capital is based on medium/long term averages of market parameters.
<b>KPI - Key Performance Indicators</b>	Set of indicators used to evaluate the performance of a business activity or process.
<b>LCR - Liquidity Coverage Ratio</b>	Ratio of a credit institution's liquidity buffer to its net liquidity outflows over a 30 calendar day stress period.
<b>Leasing</b>	Contract whereby one party (the lessor) grants to another party (the lessee) for a given period of time the enjoyment of an asset purchased or built by the lessor at the choice and on the instructions of the lessee, with the latter having the option of acquiring ownership of the asset under predetermined conditions at the end of the leasing contract.
<b>Leverage ratio</b>	Is a measure which allows for the assessment of institutions' exposure to the risk of excessive leverage.
<b>Leveraged finance</b>	Loans provided mainly to Private Equity funds in order to finance the acquisition of a company through a financial transaction based on the cash flow generation capacity of such target company. This can result in a higher level of debt and therefore a higher level of risk. Leveraged finance may be syndicated.
<b>LGD - Loss Given Default</b>	Expected value (which may be conditional upon adverse scenarios) of the ratio, expressed as a percentage, between the loss giving rise to the default and the amount of exposure at the time of the default ("EAD - Exposure At Default", see item).
<b>Liquidity risk</b>	The risk of the company being unable to meet its payment commitments due to the inability to mobilise assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of easily liquidating positions in financial assets without significantly and unfavourably affecting the price because of insufficient depth or temporary malfunction of the financial market (market liquidity risk).
<b>M - Maturity</b>	The average, for a given exposure, of the residual contractual maturities, each weighted for the relevant amount.
<b>Market risk</b>	The effect that changes in market variables might have on the economic value of the Group's portfolio, where this includes both the assets held in the Trading Book and those entered in the Banking Book, or the operations connected with the characteristic management of the commercial bank and its strategic investment choices.
<b>MDA - Maximum Distributable Amount</b>	Maximum Distributable Amount, i.e. a limit to the distributable profits in order to preserve the Combined Buffer Requirement.
<b>MREL - Minimum requirement for eligible liabilities</b>	Minimum requirements for own funds and eligible liabilities, is designed to ensure that there are sufficient resources to write down or convert into equity if a bank or other financial institution is in crisis. This allows the central government to intervene quickly in order to maintain the critical operations of that institution, without using tax money.

# Glossary

ITEM	DESCRIPTION
<b>NOPAT - Net Operating Profit After Tax</b>	Net Operating Profit after tax and minority interests, adjusted by elements that would not allow to assess the capability to create value through ordinary operations, such as extraordinary expenses and earnings. It represents the share of Group Net Profit produced by typical business activities, gross of the costs of capital.
<b>NPE - Non-performing exposures</b>	According to EBA Implementing Technical Standards, non-performing exposures are debt instruments and off-balance sheet exposures which satisfy either or both of the following criteria: (i) material exposures which are more than 90 days past-due; (ii) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.
<b>Operational risk</b>	The risk of losses due to errors, infringements, interruptions, damages caused by internal processes or personnel, systems, or caused by external events. This definition includes legal and compliance risks but excludes strategic and reputational risk. For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damages to the company's physical assets, business disruption and system failures, process management.
<b>Option</b>	The right, but not the commitment, acquired by the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a given price (strike price) by or at a determined future date (American option/European option).
<b>Originator</b>	The entity that originated the assets to be securitised or acquired them from others.
<b>OTC - Over The Counter</b>	Over the counter (OTC) trading consists of the exchange of financial instruments such as shares, bonds, derivatives or goods directly between two counterparties. The OTC markets do not have standardised contracts or buying/selling procedures and are not associated with a set of rules (admissions, controls, obligations of information, etc.) like those that govern the official markets.
<b>PACTA - Paris Agreement Capital Transition Assessment</b>	Paris Agreement Capital Transition Assessment is a free, open-source methodology and tool, which measures financial portfolio's alignment with various climate scenarios consistent with the Paris Agreement.
<b>Past Due</b>	Problematic exposures that, at the reporting date, are more than 90 days past due on any material obligation, as required by the relevant prudential regulation. Past due can be determined either at individual debtor or at single transaction level according to the relevant local prudential regulation.
<b>Payout ratio</b>	The cost of equity is the minimum return on investment required by the shareholder. It is the sum of a risk-free rate and an additional spread remunerating the shareholder for the market risk and the volatility of the share price. The cost of capital is based on medium/long term averages of market parameters.
<b>PD - Probability of Default</b>	Probability of a counterparty entering into a situation of "default" (see item) within a time horizon of one year.
<b>PEPP - Pandemic Emergency Purchase Programme</b>	Massive new stimulus package from the ECB to support the eurozone economy as a response to the Covid-19 (coronavirus) crisis.
<b>PIT - Point in time</b>	Calibration type of the credit parameters on a horizon that considers the current economic situation.
<b>POCI - Purchased Originated Credit Impaired</b>	Credit exposures that are already impaired on initial recognition.
<b>Preference shares</b>	Capital instruments that associate forms of remuneration tied to market rates with particularly pronounced subordination conditions, such as non-recovery in subsequent years of the interest not paid by the bank and bearing a share of its losses in the event that these produce a significant reduction in the capital requirements. The regulatory authorities set the conditions under which preference shares may be counted among the core capital of banks and banking groups.
<b>Private equity</b>	Investments in the risk capital of companies, generally unlisted but with high growth potential and the ability to generate constant cash flows. Investments in private equity include a wide range of operations that vary according to both the development phase of the company concerned and the investment techniques used. These techniques include closed-end private equity funds.
<b>Purchase companies</b>	Vehicle used by "ABCP Conduits - Asset Backed Commercial Paper Conduits" (see item) to purchase the assets to be securitised and subsequently financed by the Conduit vehicle by means of commercial paper.
<b>RAF - Risk Appetite Framework</b>	Within the ICAAP processes, RAF represents a managerial tool for ensuring the business evolution towards a sustainable healthy growth and steering the long- and short-term strategy.
<b>Rating</b>	Evaluation of the quality of a company or its issues of debt securities on the basis of the company's financial soundness and prospects. This evaluation is made either by specialist agencies or by the bank on the basis of internal models.
<b>Reputational risk</b>	Reputational risk is defined as the current or prospective risk to earnings and capital arising from the adverse perception of the image of the financial institution on the part of customers, counterparties (including also debt-holders, market analysts, other relevant parties), shareholders/investors, regulators or employees (stakeholders). Reputational risk is a secondary risk generated as a "knock-on effect" from risk categories, such as credit, market, operational and liquidity risks and all others risks types (e.g., business risk, strategy risk, ESG risk which considers the environmental, social and governance aspects of responsible investments). Reputational risk could also be generated from material events.
<b>Retail</b>	Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.
<b>RIC</b>	IRB calculation model - Integrated Corporate Rating.
<b>RIP</b>	IRB calculation model - Integrated Private Rating.
<b>RISB</b>	IRB calculation model - Rating Integrated Small Business (Small Business Integrate Rating).



# Glossary

ITEM	DESCRIPTION
<b>RNIME - Risk Not in the Model Engines</b>	Framework that provides an estimate on the completeness of the risk factors included in VaR, SVaR and IRC.
<b>ROA - Return On Assets</b>	Annualised ratio between Net Profit/(Loss) of the year and Total Assets as per IFRS balance sheet.
<b>ROAC - Return On Allocated Capital</b>	Annualised ratio between the net profit and the average allocated capital. It shows in percentage terms the earning capacity for allocated capital units. A corrective factor is applied to divisional net profit where capitalisation is substantially higher than Group's target.
<b>RoTE - Return on Tangible Equity</b>	Annualised ratio between the net profit and the average tangible equity.
<b>RoTE - Underlying</b>	Annualised ratio between the underlying net profit and the average tangible equity.
<b>RWA - Risk Weighted Assets</b>	On-balance sheet assets and off-balance sheet assets (derivatives and guarantees) classified and weighted by different coefficients referring to risks, following banking rules issued by local Supervisors (i.e. Banca d'Italia, Bafin, etc.), to calculate solvency ratios.
<b>RWEA - Risk Weighted Exposure Amount</b>	Risk Weighted Exposure Amount; on-balance sheet assets and off-balance sheet assets (derivatives and guarantees) classified and weighted by different coefficients referring to risks, following banking rules issued by local Supervisors (i.e. Banca d'Italia, Bafin, etc.), to calculate solvency ratios.
<b>SBBS - Sovereign bond-backed securities</b>	Sovereign bond-backed securities, are securities backed by a diversified portfolio of euro area central government bonds. This is a new financial instrument which has been proposed as a solution to help banks diversify their Sovereign exposures and further weaken the link with their home governments.
<b>Securitisation</b>	Transfer of a portfolio of assets to an "SPV - Special Purpose Vehicle" (see item) and the issue of securities with various levels of seniority to meet any default by the underlying assets. Securitisations can be: • traditional: method of securitisation whereby transfer of the assets is by means of sale of the portfolio to the "SPV - Special Purpose Vehicle" (see item); • synthetic: method of securitisation whereby the transfer of assets is by means of credit derivatives or similar security enabling the risk of the portfolio to be transferred.
<b>Sensitivity</b>	The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.
<b>Sponsor</b>	An entity other than the Originator (see item) which sets up and manages an ABCP conduit or other securitisation scheme where assets are acquired from a third entity for securitisation.
<b>SPV - Special Purpose Vehicle</b>	An entity, partnership, limited company or trust, set up to carry out a set object, such as isolating financial risk or obtaining special regulatory or tax treatment for specific portfolios of financial assets. SPV's operations are accordingly limited by a set of rules designed for this purpose. In general SPVs' sponsors (see item) do not hold equity in them. The equity is held by other entities in order to ensure that there is no shareholder relationship with the Sponsor (see item). SPVs are usually bankruptcy-remote, in that their assets cannot be claimed by the creditors of the sponsor, even if the latter becomes insolvent.
<b>Stress Test</b>	Assessment of bank' vulnerabilities either in terms of capital or liquidity position in case of possible adverse events, both of an idiosyncratic nature and related to macroeconomic scenarios.
<b>Subprime (Residential Mortgages)</b>	Although Subprime has no univocal definition, this category includes mortgages granted to borrowers who have had repayment difficulties in the past, e.g. delayed installments, insolvency or bankruptcy, or who are more likely to default than the average due to high loan-to-value and installment-to-income ratios.
<b>SVaR - Stressed VaR</b>	Stressed VaR is a quantification of exposures to particular extreme losses that can be inflicted to a Bank during market tensions, by modeling the portfolio response conditional on historical data from a (continuous 12-month) period of significant financial stress.
<b>Swap</b>	A transaction that generally consists of the exchange of financial streams between operators according to different contractual arrangements. In the case of an interest rate swap (IRS), the counterparties exchange payment streams that may or may not be linked to interest rates, calculated on a notional principal amount (for example, one counterparty pays a stream on the basis of a fixed rate, while the other does so on the basis of a variable rate). In the case of a currency swap, the counterparties exchange specific amounts in two different currencies, with these amounts being exchanged back in due course according to predefined arrangements that may concern both the capital (notional) and the streams of interest payments.
<b>Tangible Equity</b>	Shareholders' equity (including consolidated profit of the period) less intangible assets (goodwill and other intangibles), less AT1 component; dividend pay-out is accounted for on a cash basis.
<b>Tier 1 Capital</b>	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
<b>Tier 1 Capital Ratio</b>	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
<b>TLAC -Total Loss Absorbing Capacity</b>	TLAC represents the indicator of the Total Loss Absorbing Capacity, a new Pillar I requirement established by the Regulation (EU) 2019/876 (CRR2), entered into force on 27 June 2019, for Global Systemically Important Banks (G-SIBs). The TLAC standard requires G-SIBs, to hold a sufficient amount of highly loss absorbing liabilities.
<b>TLTRO - Target Long Term Refinancing operations</b>	Open market operations conducted by the ECB for the management of interest rates and liquidity in the Eurozone.
<b>Total Capital Ratio</b>	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.

# Glossary

ITEM	DESCRIPTION
<b>Total own funds</b>	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
<b>TSR - Total Shareholder Return</b>	It is the full reward, in terms of capital gain and dividends, that a shareholder gets from holding one share.
<b>TTC - Through the cycle</b>	Calibration type of the credit parameters on a horizon that considers the entire economic cycle.
<b>UCITS - Undertakings for Collective Investment in Transferable Securities</b>	This term covers open-end real estate investment funds, both Italian and foreign, and investment companies with variable capital. The latter are joint stock companies that have the sole purpose of collective investment of the assets gathered through a public offer of their own shares.
<b>UGRM - UniCredit global Risk Monitor</b>	The pool of software applications, IT structure and database used by the Group for the financial risk analysis.
<b>Underlying Net Profit</b>	The principle behind the "Underlying Net Profit" is to identify the relevant recurring and sustainable profit base of the bank, which is the base for capital distribution. It is quantified excluding the non-operating items impacting the "ordinary business" executed by the Bank, which is expected to be in-line with assumption behind the MYP. Among the main non-operating items, both positive and negative in terms of income statement, it is worth mentioning the disposal of real estate assets, the sale of companies, the restructuring costs, etc. This approach was considered appropriate by the Remuneration Committee for the subsequent proposal to the Board of Directors.
<b>Unlikely to Pay</b>	The classification in this category is the result of the judgment of the bank about the unlikelihood, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any amount (or rate) past due and unpaid.
<b>VaR - Value at Risk</b>	A measure of the risk of potential loss, under a given level of confidence and time horizon, which could occur on a position or a portfolio.
<b>Warehousing</b>	A stage in the preparation of a securitisation transaction whereby an "SPV - Special Purpose Vehicle" (see item) acquires assets for a certain period of time until it reaches a sufficient quantity to be able to issue an ABS.







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