Unlock your potential

UniCredit Group Disclosure (Pillar III)

as at 31 December 2021

Empowering
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UniCredit

Content

Regulatory framework and key metrics

Regulatory framework

In 2010, the Basel III framework was adopted and consequently translated in the European Union (EU) into Regulation through the Capital Requirement Regulation (CRR) (Regulation 575/2013) and Capital Requirement Directive IV (CRD IV) (Directive 2013/36/EU).
The CRR is binding for all EU member states and became effective on 1 January 2014.

The Basel Committee's framework is based on three pillars:
- Pillar I on minimum capital requirements, which defines the rules for the calculation of credit, market and operational risk;
- Pillar II, about Supervisory Review and Evaluation Process (SREP), which requires banks to (i) undertake an Internal Capital Adequacy Assessment Process (ICAAP) to identify and assess risks, also those not included in Pillar I; (ii) maintain sufficient capital to face these risks; (iii) an Internal Liquidity Adequacy Assessment Process (ILAAP) focusing on maintaining sufficient liquidity (and funding) risk management;
- Pillar III (Market Disclosure), which encourages market discipline and transparency by developing a set of qualitative and quantitative disclosure requirements, thus allowing investors and other market participants to better assess institutions' capital, risk exposures, risk assessment processes and capital adequacy.

On 16 April 2019, the European Parliament approved the final agreement on a package of reforms proposed by European Commission to strengthen the resilience and resolvability of European banks. The package of reforms, which comprised certain amendments to CRR and CRD IV commonly referred to as "CRR2" (Regulation EU 876/2019) and "CRD V" (Directive 2019/878/EU), came into force on 27 June 2019, also envisaging transitional timetables.

In June 2020, the EBA published the final Implementing Technical Standards (EBA/ITS/2020/04) on Pillar III that implements changes introduced in the CRR2. Such templates are applicable by June 2021, as adopted and published on the Official Journal with the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021[1]. Moreover, the EBA/ITS/2020/04 replaced the following EBA Guidelines:
- Sound remuneration policies under articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under article 450 of Regulation (EU) 575/2013 (EBA/GL/2015/22);
- Disclosure requirements under Part Eight of Regulation (EU) n.575/2013 (EBA/GL/2016/11);
- LCR disclosure to complement the disclosure of liquidity risk management under article 435 of Regulation (EU) 575/2013 (EBA/GL/2017/01);
- Disclosure of non-performing and forborne exposures (EBA/GL/2018/10).

Then, the Regulation 2020/873, known as "Quick-Fix", was published on 26 June 2020 and came into force on 27 June 2020, amending CRR and CRR2. The main changes are reported in the "Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States" chapter.

The following regulations are applicable as well: (i) the European Commission Regulatory Technical Standards (RTS) or Implementation Technical Standards (ITS) issued on proposal of the European Banking Authority (EBA); (ii) the recommendations published on 29 October 2012 in the document "Enhancing the risk disclosures of banks" by the international Enhanced Disclosure Task Force (EDTF), which was established under the auspices of the Financial Stability Board (FSB); (iii) the guidelines issued by the EBA with reference to Pillar III disclosure time to time in force; and (iv) the additional disclosure requirements required by EBA with reference to the measures issued in the context of the Covid-19 outbreak.

For further details on contents of Pillar III Disclosure of UniCredit group and regulatory requirements, refer to the section "Contents cross reference to the regulatory disclosure requirements", which shows the cross reference to the information published in the period, as included in the present document or in external documents[2].
Particularly, the following tables are reported:
- Cross reference to the information required by CRR2;
- Cross reference to the EBA and Regulation EU requirements;
- Cross reference to the EDTF recommendations.

UniCredit internal regulation

UniCredit, prepares, on consolidated basis, the Pillar III report in accordance with the CRR2 and the CRDV (and with the further regulatory framework above described).
The UniCredit group Disclosure (Pillar III) is published on a quarterly basis in according to CRR2 article 433a and it is prepared in accordance with a formal internal policy (Internal Regulation) adopted in the application of the CRR2 article 431(3), that sets out the internal controls and procedures.

1 The Regulation establishes implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.
2 Consolidated First Half Financial Report, Annual Report and Accounts, other documents published on the UniCredit group website, based on the frequency of publication of the relevant information.

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The key elements of this policy are:
- identification of roles and responsibilities of the corporate bodies, departments and Legal Entities involved in the process of producing the Disclosure;
- identification of the information to be published (in accordance with EBA GL/2014/14 and CRR2 article 432 and 433). There is a formal process set up for the identification of the need for higher frequency then the minimum required by CRR2 of all Pillar 3 disclosures which is compatible with the size, the scope and the range of activities of the Group;
- instructions for Legal Entities contributions and related controls;
- consolidation of the disclosure contributions and related controls;
- approval by the Board of Directors;
- publication on the UniCredit group website;
- evaluation related to Pillar III re-publication, after the initial issuance, for alignment with the most recent submissions of regulatory reporting.

Furthermore, pursuant to Article 431(3) of Part Eight of Regulation (EU) 575/2013 as subsequently amended by Regulation (EU) 2019/876, this document is prepared in accordance with the formal policies and internal processes, systems and controls.
The document is also accompanied by the Declaration by the Manager charged with preparing the financial reports, pursuant to Article 154-bis, paragraph 2, of the “Consolidated Law on Finance”, which attest that the information disclosed in this document corresponds to the document results, books and accounts records.

Notes to this disclosure

The present disclosure is prepared with reference to 31 December 2021 in according, where required, to the supervisory reporting at the same period. With reference to developments in geopolitical tensions in Russia, refer to the Press release published on the Group website (https://www.unicreditgroup.eu/en/press-media/press-releases-price-sensitive/2022/u.html).

Highlights

Brexit

The United Kingdom has left the European Union on 31 January 2020. Under the Withdrawal Agreement reached between the EU and UK, the EU legislation continued to be applied in the UK during the transition period that is due to last until 31 December 2020.
Starting from 1 January 2021, the United Kingdom of Great Britain and Northern Ireland are considered as “Third Countries”, which mainly implied changes in the following calculations:
- RWEA - the regulatory treatment of counterparts in this Third Countries changed according to articles 107(3), 119, 142 (4) and 114 of the CRR and 500a of the “CRR Quick Fix”;
- Own Funds - based on CRR article 52 “Additional Tier 1 instruments” points (p) and (q), and article 63 “Tier 2 instruments” points (n) and (o), AT1 and T2 instruments issued under a third country governing law can be considered eligible only if write down and conversion powers are effective and enforceable based on statutory or contractual provisions or by the law governing the instrument. For instruments issued prior to 27 June 2019, these conditions are grandfathered according to article 494b “Grandfathering of own funds instruments and eligible liabilities instruments” points (1) and (2), until 28 June 2025. Therefore, the UniCredit group has classified as grandfathered all the instruments issued under United Kingdom governing law and without contractual recognition of write down and conversion powers, according to the applicable framework.

General information

The information provided by UniCredit group, starting from 30 June 2021, is prepared according to the models and instructions referred to in the Regulation (EU) 637/2021 and its annexes and in coherence with the reporting framework “EBA Data Point Model 3.0” according to the Commission Implementing Regulation (EU) 451/2021. Therefore:
- no comparison periods are presented with the data of December 2021 if the comparative period is prior to the date of entry into force of the aforementioned Regulation;
- the information required with new granularity and/or calculation method, if comparable in terms of content, show a restatement of the previous comparison periods.

“With reference to some best practices identified by EBA in the Report “on assessment of Institutions’ Pillar 3 Disclosure” (EBA/Rep/2020/09), the sustainability and ESG risks (Environmental, Social and Governance risks) disclosure is reported, on the basis of the current regulatory framework, on the “Sustainability” section of the Group website (https://www.unicreditgroup.eu/en.html).
Among the other documents, the section (https://www.unicreditgroup.eu/en/a-sustainable-bank/sustainability-reporting.html) includes:
- UniCredit Integrated Report: it describes how the bank 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. UniCredit has prepared this document of financial and non-financial performance in compliance with the requirements of Articles 3 and 4 of Legislative Decree 254/2016, which implements European Directive 2014/95/EU in Italy. In addition, the Report is part of UniCredit's principled effort to further develop its compliance with the European Commission's Guidelines on non-financial reporting and advance understanding of all aspects of its business. The guidelines adopted for the preparation of the sustainability information included in the Integrated Report, including its Supplement, are the "GRI Sustainability Reporting Standards" and the "Financial Services Sector Disclosures," issued both by the GRI - Global Reporting Initiative;

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- separate document dedicated to disclosure requested by the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations: shifting to a low-carbon and climate-resilient economy includes actions such as the endorsement to the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations. UniCredit committed to the TCFD recommendations in 2019 and started reporting already in the 2019 Integrated Report. Since 2020, the TCFD report is published as a stand-alone report, in alignment with the TCFD recommendations published in 2017.

It should be noted that the information on environmental, social and governance risks required for Pillar 3 purpose will be provided according to the requirements defined by CRR2 article 449a.

Moreover:

- with regard to the editability of the information published, this document includes the two Annexes which are published in excel format on the UniCredit group website (refer to web links in the Annex section):
  - Annex 1 - Template EU CCA - Main features of regulatory Own Funds instruments and eligible liabilities instruments;
  - Annex 2 - List of templates Regulation (EU) 637/2021;
- in order to facilitate the understanding of the consistency of the quantitative data between the tables of the present document, the Annex 2 reports in excel format the reconciliation of the regulatory figures represented in the various templates (where applicable).

It should be also noted that:

- all amounts, unless otherwise specified, are expressed in millions of euro, (therefore, the amounts lower than €0.5 million are reported with "0");
- with reference to numbering of rows of the templates required by Regulation (EU) 2021/637, in order to allow the comparability between CRR2 disclosure requirements and Basel standards, the templates report:
  - an additional suffix (a, b, c, etc.), in the case of items included in the (EU) Regulation but not in the Basel framework (whenever an additional row is required, the row number is prefixed by "EU");
  - the continued numeration with the text "not applicable", in the case of items included in the Basel framework but not in the (EU) Regulation;
- data refer to the prudential scope of consolidation;
- any discrepancy between data disclosed in this document is solely due to the effect of rounding;
- the amounts reported are coherent with the most recent submissions of the regulatory reporting for each period; as a result, some amounts may differ from those disclosed in previous publications;
- with regard to both the standardised approach and the IRB methodology, non-weighted amounts concerning "guarantees given and commitments to disburse funds" were considered based on the credit equivalent, unless otherwise specified;
- the disclosures to be provided by the systemically important banks were published on the UniCredit group's website according to the deadline defined in the relevant regulations (https://www.unicreditgroup.eu/en/investors/financial-reporting/financial-reports.html).

Regulatory framework and key metrics

Key metrics

Template EU KM1 - Key metrics

(€ million)

DESCRIPTION		a 12.31.2021	b 09.30.2021	c 06.30.2021	d 03.31.2021	e 12.31.2020
	Available Own Funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	50,933	52,949	52,789	52,101	51,971
2	Tier 1 capital	57,780	59,793	58,888	59,188	59,321
3	Total capital	64,850	67,566	67,417	68,010	67,464
	Risk-weighted exposure amounts					
4	Risk-weighted exposure amount	321,992	328,016	327,714	314,907	325,665
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.82%	16.14%	16.11%	16.54%	15.96%
6	Tier 1 ratio (%)	17.94%	18.23%	17.97%	18.80%	18.22%
7	Total capital ratio (%)	20.14%	20.60%	20.57%	21.60%	20.72%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.75%	1.75%	1.75%	1.75%	1.75%
EU 7b	Of which: to be made up of CET1 capital (percentage points)	0.98%	0.98%	0.98%	0.98%	0.98%
EU 7c	Of which: to be made up of Tier 1 capital (percentage points)	1.31%	1.31%	1.31%	1.31%	1.31%
EU 7d	Total SREP own funds requirements (%)	9.75%	9.75%	9.75%	9.75%	9.75%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.05%	0.05%	0.05%	0.05%	0.04%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	1.00%	1.00%	1.00%	1.00%	1.00%
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.55%	3.55%	3.55%	3.55%	3.54%
EU 11a	Overall capital requirements (%)	13.30%	13.30%	13.30%	13.30%	13.29%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.33%	10.66%	10.62%	11.06%	10.47%
	Leverage ratio					
13	Leverage ratio total exposure measure	1,011,462	947,368	946,537	972,274	954,756
14	Leverage ratio	5.71%	6.31%	6.22%	6.09%	6.21%
	Additional Own Funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-		
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	-	-	-		
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.10%	3.10%		
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-		
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.10%	3.10%		
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	201,871	200,546	193,558	179,615	167,475
EU 16a	Cash outflows - Total weighted value	176,358	171,530	164,661	159,562	158,138
EU 16b	Cash inflows - Total weighted value	65,491	62,714	60,052	60,059	60,566
16	Total net cash outflows (adjusted value)	110,867	108,816	104,610	99,503	97,572
17	Liquidity Coverage Ratio (%)	182%	184%	185%	180%	171%
	Net Stable Funding Ratio					
18	Total available stable funding	633,894	643,174	642,011		
19	Total required stable funding	471,343	466,381	469,897		
20	NSFR ratio (%)	134%	138%	137%		

Note:
The section related to the information on Liquidity Coverage Ratio refer to weighted value average, in coherence with the representation provided in the Template EU LIQ1.

Regulatory framework and key metrics

Contents cross reference to the regulatory disclosure requirements

In coherence with the regulatory framework, the tables below show the cross reference to the information published annually, as included in the present document or in the document Annual Report and Accounts as at 31 December 2021.

Cross reference to the information required by CRR2

CRR2 ARTICLE	CONTENT	REGULATION (EU) 2021/637 REFERENCE	REFERENCE TO THE PRESENT DOCUMENT (P3)/ANNUAL REPORT AND ACCOUNTS AS AT 12.31.2021 (AR)/EXTERNAL DOCUMENTS	
435	Risk management objectives and policies	Table EU OVA Table EU OVB Table EU CRA Table EU MRA Table EU LIQA Table EU ORA	AR	Notes to the consolidated accounts - Part E Information on risks and hedging policies:
				Introduction
				Section 2 - Risks of the prudential consolidated perimeter:
				2.1 Credit risk - Qualitative information - 1. General aspects - 2. Credit risk management policies
				2.2 Market risk
				2.4 Liquidity risk
				2.5 Operational risks - A. General aspects, operational processes and methods for measuring operational risk
				2.6 Other risks
			website	"Corporate Governance report" document on UniCredit Group website (https://www.unicreditgroup.eu/en/governance.html)
436	Scope of application	Table EU LIA Table EU LIB Template EU LI1 Template EU LI2 Template EU LI3 Template EU PV1	P3	Scope of application Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation
437/437a	Own Funds/Owns Funds and eligible liabilities	Template EU CC1 Template EU CC2 Template EU CCA	P3	Own Funds
				Own Funds - Total Loss Absorbing Capacity
			website	Annex 1 - Template EU CCA - Main features of regulatory Own Funds instruments and eligible liabilities instruments (in editable format excel to link https://www.unicreditgroup.eu/en/investors/financialreporting/pillar-3-disclosures.html)
				Full terms and conditions of capital instruments and eligible liabilities instruments (Article 437 and 437a, paragraph 1, letter c) are reported in the link included in the "Notes" section of the Template EU CCA
438	Own Funds requirements and risk-weighted exposure amounts	Template EU KM1	P3	Regulatory framework and key metrics
		Template EU OV1 Template EU CR10		Own Funds requirements and risk-weighted exposure amounts
		Template EU CR8		Credit risk - Use of IRB approach
		Template EU CCR7		Credit risk - Counterparty risk exposure
		Template EU MR2-B		Market risk
		Table EU OVC	AR	Notes to the consolidated accounts - Part E Information on risks and hedging policies - Introduction - Internal Capital Adequacy Assessment Process ("ICAAP") and Risk Appetite
439	Exposure to counterparty credit risk	Table EU CCRA Template EU CCR1 Template EU CCR2 Template EU CCR3 Template EU CCR8 Template EU CCR4 (AIRB and FIRB) Template EU CCR5 Template EU CCR6	P3	Credit risk - Counterparty risk exposure
440	Countercyclical capital buffers	Template EU CCyB2 Template EU CCyB1	P3	Own Funds - Countercyclical capital buffers

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CRR2 ARTICLE	CONTENT	REGULATION (EU) 2021/637 REFERENCE	REFERENCE TO THE PRESENT DOCUMENT (P3)/ANNUAL REPORT AND ACCOUNTS AS AT 12.31.2021 (AR)/EXTERNAL DOCUMENTS	
441	Indicators of global systemic importance		website	UniCredit Group website link https://www.unicreditgroup.eu/en/investors/financial-reporting/financial-reports.html (G-SIBs Disclosure document)
442	Exposures to credit risk and dilution risk	Template EU CQ1 Template EU CQ2 Template EU CQ3 Template EU CQ4 Template EU CQ5 Template EU CQ6 Template EU CQ7 Template EU CQ8 Template EU CR1 Template EU CR2a Template EU CR1-A	P3	Credit risk - Non-performing and forborne exposures
		Table EU CRB	AR	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 - 3. Non-performing credit exposures - 3.1 Management strategies and policies
443	Encumbered and unencumbered assets	Template EU AE1 Template EU AE2 Template EU AE3 Table EU AE4	P3	Liquidity risk - Encumbered and unencumbered assets
444	Use of the Standardised Approach	Table EU CRD Template EU CR4 Template EU CR5	P3	Credit risk - Use of standardised approach
445	Exposure to market risk	Template EU MR1	P3	Own Funds requirements and risk-weighted exposure amounts
446	Operational risk management	Table EU ORA	AR	Notes to the consolidated accounts - Part E Information on risks and hedging policies - Section 2 Risk of the prudential consolidated perimeter - 2.5 Operational risks - A. General aspects, operational processes and methods for measuring operational risk
		Template EU OR1	P3	Operational risk
447	Key metrics	Template EU KM1	P3	Regulatory framework and key metrics
448	Exposure to interest rate risk on positions not held in the trading book	Template EU IRRBB1(*)	P3	Market risk - Exposures to interest rate risk on positions not included in the trading book
449	Exposure to securitisation positions	Table EU SECA Template EU SEC1 Template EU SEC2 Template EU SEC3 Template EU SEC4 Template EU SEC5	P3	Securitisation exposures
450	Remuneration policy	Table EU REMA Template EU REM1 Template EU REM2 Template EU REM3 Template EU REM4 Template EU REM5	website	Remuneration section on Group website (https://www.unicreditgroup.eu/en/governance/compensation.html)
451	Leverage ratio	Table LRA Template EU LR1 Template EU LR2 Template EU LR3	P3	Leverage
451a	Liquidity requirements	Template EU LIQ1 Table EU LIQB	P3	Liquidity risk - Liquidity Coverage Ratio
		Template EU LIQ2		Liquidity risk - Net Stable Funding Ratio
		Table EU LIQA	AR	Notes to the consolidated accounts - Part E Information on risks and hedging policies - Section 2 Risks of the prudential consolidated - 2.4 Liquidity risk

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CRR2 ARTICLE	CONTENT	REGULATION (EU) 2021/637 REFERENCE	REFERENCE TO THE PRESENT DOCUMENT (P3)/ANNUAL REPORT AND ACCOUNTS AS AT 12.31.2021 (AR)/EXTERNAL DOCUMENTS	
452	Use of the IRB Approach to credit risk	Table EU CRE Template EU CR6 (AIRB and FIRB) Template EU CR6-A Template EU CR9 (AIRB and FIRB)	P3	Credit risk - Use of the IRB approach
453	Use of credit risk mitigation techniques	Template EU CR7 Template EU CR7-A (AIRB and FIRB) Template EU CR3	P3	Credit risk - Use of risk mitigation techniques (CRM)
		Template EU CR4		Credit risk - Use of standardised approach
		Table EU CRC	AR	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 - 2. Credit risk management policies - 2.4 Credit risk mitigation techniques
454	Use of the Advanced Measurement Approaches to operational risk	Table EU ORA	AR	Notes to the consolidated accounts - Part E - Information on risks and hedging policies - Section 2 Risk of the prudential consolidated perimeter - 2.5 Operational risks - A. General aspects, operational processes and methods for measuring operational risk
		Template OR1	P3	Operational risk
455	Use of internal market risk models	Template EU MR2-A Template EU MR3	P3	Market risk - Exposure and use of internal models
		Table EU MRB Template EU MR4	AR	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

Notes:
- (*) Disclosure provided according to EBA/ITS/2021/07 "Draft implementing technical standards amending Implementing Regulation (EU) 637/2021 on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) 575/2013".
- In the column "Regulation (EU) 2021/637 reference", in accordance with the same Regulation, quantitative information is identified with "Template", while qualitative information with "Table".

Regulatory framework and key metrics

Cross reference to the EBA and Regulation EU requirements

CONTENT	REFERENCE TO THE PRESENT DOCUMENT (P3)
Commission Implementing Regulation (EU) 2021/637 (information referred to Part Eight, Titles II and III, of Regulation (EU) 575/2013)	
Refer to Cross reference to the information required by CRR2 table	
Commission Implementing Regulation (EU) 2021/763 (Minimum requirement for own funds and eligible liabilities)	
EU KM2 - Key metrics	Own Funds - Total Loss Absorbing Capacity
EU TLAC1 - TLAC composition (at resolution group level)	
EU TLAC 3 - Resolution entity - Creditor rating	
EBA Statement on supervisory reporting and Pillar 3 disclosure in light of Covid-19	
EBA Statement issued on 31 March 2020 - Supervisory Reporting and Pillar 3 disclosure in the context of the Covid-19 outbreak	"Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States" chapter
EBA/GL/2020/07 - Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis	
Template 1: Information on loans and advances subject to legislative and non-legislative moratoria	Credit risk - Non-performing and forborne exposures
Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	
Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis	
EBA/GL/2020/11 - Guidelines on supervisory reporting and disclosure requirements in compliance with the CRR ‘quick fix’ in response to the COVID-19 pandemic	
LRCom: Leverage ratio common disclosure	Leverage
EBA/GL/2020/12 - Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR ‘quick fix’ in response to the COVID-19 pandemic	
Template IFRS9-FL - Comparison of institutions’ own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs	Own Funds

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Cross reference to the EDTF recommendations

On 29 October 2012 the document "Enhancing the risk disclosures of banks" was published by the Enhanced Disclosure Task Force - EDTF, established by the Financial Stability Board (FSB). The document contains 32 recommendations aiming at improving disclosure transparency for those risk profiles investors envisaged the need of more clear and complete information.

EDTF RECOMMENDATION	REFERENCE TO THE PRESENT DOCUMENT (P3)/ANNUAL REPORT AND ACCOUNTS AS AT 12.31.2021 (AR)		SECTION/PARAGRAPH/TEMPLATE
General recommendations			
1.Disclosure - Indexing of risk information	P3	Index	The present disclosure represents the document where all related risk information is reported including reference to other report or means of disclosures
2.Disclosure - Risk terminology & measures	P3	Glossary	A Glossary chapter is included at the end of this document. Specific parameters and definitions are found in the single risks' sections
3.Top and emerging risks	AR	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 - Top and emerging risks
4. New key regulatory ratio	P3	Leverage	Quantitative information
		Liquidity risk	Liquidity Coverage Ratio
		Own Funds	Total Loss Absorbing Capacity
Risk governance & risk management strategies/business model			
5.Risk management organization	AR	Notes to the consolidated accounts Part E - Information on risks and hedging policies	Introduction
			Section 2 - Risks of the prudential consolidated perimeter:
			2.1 Credit risk
			Qualitative information: 1. General aspects 2. Credit risk management policies
			2.2 Market risk
			2.4 Liquidity risk
			2.5 Operational risks - A. General aspects, operational processes and methods for measuring operational risk
6.Risk management Risk culture	AR	Notes to the consolidated accounts Part E - Information on risks and hedging policies	Introduction - Risk Culture in UniCredit group
7.Risk management and business model	AR	Notes to the consolidated accounts Part E - Information on risks and hedging policies	Introduction
			Section 2 - Risks of the prudential consolidated perimeter - Section 2.6 Other risks - Other risks included in Economic Capital (Business, real estate, financial investment); Reputational risk
		Notes to the consolidated accounts Part L - Segment Reporting	Section A. Primary segment - Template A.2 - Breakdown by business segment: balance sheet amounts and RWA
	P3	Own Funds requirements and risk weighted exposure amounts	Template Risk Weighted Exposure Amounts segmentation
8.Stress testing disclosures	AR	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
			2.2 Market risk
			2.4 Liquidity risk
			2.5 Operational risks
	P3	Credit risk	Counterparty risk exposure

Regulatory framework and key metrics

EDTF RECOMMENDATION	REFERENCE TO THE PRESENT DOCUMENT (P3)/ANNUAL REPORT AND ACCOUNTS AS AT 12.31.2021 (AR)		SECTION/PARAGRAPH/TEMPLATE
Capital adequacy and risk-weighted assets			
9.Capital surcharges & buffers	P3	Own Funds requirements and risk weighted exposure amounts	Template EU OV1 – Overview of risk weighted exposure amounts
10.Regulatory capital - summary and reconciliation	P3	Own Funds	Templates:
			EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements
			EU CC1 - Composition of regulatory own funds
11.Regulatory capital - changes over time	P3	Own Funds	Template Flow Statement for Own Funds
12.Capital planning - targeted level of capital	AR	Notes to the consolidated accounts Part F - Consolidated shareholders' equity	Section 1 - Consolidated Shareholders' Equity
		Consolidated report on operations	Group results - Capital and value management - Capital strengthening
13.RWEAs and business activities	P3	Own Funds requirements and risk weighted exposure amounts	Template Risk Weighted Exposure Amounts segmentation
14.RWEA calculation method and models	P3	Own Funds requirements and risk weighted exposure amounts	Template EU OV1 – Overview of risk weighted exposure amounts
		Credit risk	Use of the IRB approach
		Market risk	Exposure and use of internal models
	AR	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
			2.5 Operational risks - Use of Advanced Measurement Approaches (AMA)
15.RWEA - IRB RWEAs by internal rating grade	P3	Credit risk	Use of the IRB approach - Rating Group Master Scale Template
16.RWEA - Changes overtime	P3	Own Funds requirements and risk weighted exposure amounts	Templates:
			EU OV1 - Overview of risk weighted exposure amounts
			Yearly changes in Risk Weighted Exposure Amounts - business segment
17.RWEA - Backtesting	P3	Credit risk	Use of the IRB approach - paragraphs:
			Expected loss versus actual loss comparison
			Model performance: comparison between estimated and actual results
	AR	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
Liquidity			
18.Liquidity	AR	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
	P3	Liquidity risk	Liquidity Buffer and Funding Strategies
		Scope of application	Substantial or legal impediments, current or foreseeable, that hinder the rapid transfer of capital resources or funds within the Group
19.Funding - Asset encumbrance	P3	Liquidity risk	Encumbered and unencumbered assets

Regulatory framework and key metrics

EDTF RECOMMENDATION	REFERENCE TO THE PRESENT DOCUMENT (P3)/ANNUAL REPORT AND ACCOUNTS AS AT 12.31.2021 (AR)		SECTION/PARAGRAPH/TEMPLATE
Funding			
20.Funding - Maturity Analysis	P3	Market risk	Exposures to interest rate risk on positions not included in the trading book
	AR	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 - Time breakdown by contractual residual maturity of financial assets and liabilities template
21.Funding - Funding strategy	AR	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
	P3	Liquidity risk	Liquidity Buffer and Funding Strategies
Market risk			
22.Market risk - linkages with positions included in the market risk disclosures	P3	Market risk	Exposure and use of internal models:
			Paragraph - Risk measures
			Template - Link between market risk metrics and Balance Sheet items
23.Market risk - other significant risk factors	AR	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
24.Market risk - Model disclosures			
25.Market risk - techniques to assess the risk of loss beyond reported risk measures and parameters			
Credit risk			
26.Credit risk - Overall credit risk profile and credit risk concentrations	P3	Credit risk	Templates:
			Breakdown of sovereign debt securities by country and portfolio
			Breakdown of sovereign loans by country
			EU CR1-A - Maturity of exposures
			EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries
			Breakdown of loans and advances to non-financial corporations by NACE codes
27.Credit risk - Impaired/NPLs policies	AR	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 - 3.1 Management strategies and policies
			4. Commercial renegotiation financial assets and forborne exposures
		Notes to the consolidated accounts Part A - Accounting policies	Section A.2 Main items of the accounts - 3 Financial assets at amortised cost
	P3	Credit risk	Template EU CR1 - Performing and non-performing exposures and related provisions
28.Credit risk - Impaired/NPLs opening and closing balances	P3	Credit risk	Template EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries
	AR	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. Commercial renegotiation financial assets and forborne exposures
		Notes to the consolidated accounts Part B - Consolidated balance sheet	Section 4 - Financial assets at amortised cost - Item 40 (Template Financial assets at amortised cost: breakdown by product of loans and advances to banks and Template Financial assets at amortised cost: breakdown by product of loans and advances to customers)

Regulatory framework and key metrics

EDTF RECOMMENDATION	REFERENCE TO THE PRESENT DOCUMENT (P3)/ANNUAL REPORT AND ACCOUNTS AS AT 12.31.2021 (AR)		SECTION/PARAGRAPH/TEMPLATE
29.Credit risk - Derivatives exposure	P3	Credit risk	Counterparty risk exposure
	AR	Notes to the consolidated accounts Part B - Consolidated balance sheet	Section Other information - Table 6. Financial assets subject to accounting offsetting or under master netting agreements and similar agreements
			Section Other information - Table 7. Financial liabilities subject to accounting offsetting or under master netting agreements and similar agreements
		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 - Information on structured trading derivatives with customers
			2.3 Derivative instruments and hedging policies - paragraphs 2.3.1 Trading financial derivatives, 2.3.2 Hedging policies - Quantitative information and 2.3.3 Other information on derivatives instruments (trading and hedging)
30.Credit risk mitigation	P3	Credit risk	Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques
			Counterparty risk exposure
Other risks			
31.Other risks - Risk types and risk management	AR	Notes to the consolidated accounts Part E - Information on risks and hedging policies	Introduction
			Section 2 - Risks of the prudential consolidated perimeter:
			2.5 Operational risks - Use of Advanced Measurement Approaches (AMA)
			2.6 Other risks
32.Other risks - Publicly known risk events	AR	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
			2.6 Other risks - Top and emerging risks

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

The Section below is prepared according to the document “Statement on supervisory reporting and Pillar 3 disclosures in light of Covid-19” issued by EBA on 31 March 2020[3].

Overview of the measures from European Central Bank and European Banking Authority

During the period between 2020 and first months of 2022, the Governing Council of the European Central Bank (ECB) has decided a number of measures to ensure that its directly supervised banks can continue to fulfill their role in funding the real economy given the economic effects of the Covid-19. As well, the European Banking Authority (EBA) issued several statements to explain a number of interpretative aspects on the functioning of the prudential framework in relation to the classification of loans in default, the identification of forborne exposures, and their accounting treatment. These clarifications help ensure consistency and comparability in risk metrics across the whole EU banking sector, which are crucial to monitor the effects of the current crisis.

Among the measures above outlined, the following ones can be mentioned which are reported in chronological order of issue, with an indication of the validity period and additional measures issued to supplement/modify them. The validity period is not indicated in case of the measure consists of clarifications provided by the Authorities or applies to a specific period provided in the measure itself.

- **ECB measures issued on 12 March 2020**:
  - **Capital & Liquidity buffers**: authorization for banks to use capital and liquidity buffers; specifically, introduction of the possibility to operate temporarily below:
    - Pillar 2 Guidance requirements (application until December 2022; refer to ECB measures issued on 10 February 2022);
    - Capital conservation buffer (application until December 2022; refer to ECB measures issued on 10 February 2022); moreover, National authorities might revise the Countercyclical Buffer rates;
    - Liquidity Coverage Ratio (LCR) threshold (application until 31 December 2021; refer to ECB measures issued on 17 December 2021).
  - **Pillar 2 requirement**: authorization for 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), forwarding a measure initially scheduled to come into effect in January 2021, as part of the revision of the Capital Requirements Directive (CRD V).
  - **TLTROIII**: review of the conditions, by the ECB Governing Council, for targeted longer-term refinancing operations (TLTRO), introducing more favorable measures, modifying some of the key parameters of the third series of TLTRO III to support the continued access of firms and households to bank credit in the face of disruptions and temporary funding shortages associated with the outbreak (application until June 2022; refer to ECB measures issued on 10 December 2020).
  - **Other relief measures**: discussion with banks of individual measures, such as adjusting timetables, processes and deadlines (e.g., the consideration of rescheduling on-site ECB inspections and extending deadlines for the remediation actions stemming from recent on-site inspections and internal model investigations). Communication of the postponement, by six months of the issuance of TRIM[4] decisions, on-site follow up letters and internal model decisions not yet communicated to institutions, unless the bank explicitly asks for a decision.
    The additional measures issued by the ECB to supplement/modify those listed above are set out later in this chapter (refer to ECB measures of 30 April 2020, 28 July 2020, 10 December 2020, 17 December 2021 and 10 February 2022).

- **EBA measures issued on 12 March 2020:**
  - **Flexibility embedded in the regulatory framework to support the banking sector**: coordination between EBA and national competent authorities for a joint effort to alleviate the immediate operational burden for banks at this challenging juncture.
  - **EBA Stress Test:** decision to postpone the EU-wide stress test exercise to 2021, allowing banks to focus on and ensure continuity of their core operations, including support for their customers.

- **ECB measures issued on 20 March 2020:**
  - **Pro-cyclicality in Expected Credit Loss (IFRS9):** within the international accounting standards framework, recommendation to institutions to give a greater weight to long-term stable outlook evidenced by experience when estimating-long-term expected credit losses for the purposes of IFRS9 provisioning policies, in particular where banks face uncertainty in generating reasonable and supportable forecasts.
  - **Moratorium and public guarantee** (to apply until further notice)**:** flexibility (within the ECB Guidance on NPL[5] and the Addendum[6]) regarding the classification of obligors as unlikely to pay, when institutions call on the Covid-19 related public guarantees; extension of flexibility to the unlikely-to-pay classification of exposures covered by legally imposed payment moratoriums related to Covid-19 in regard to timing and scope of the assessment.

3 The section includes the measures issued up to end of February 2022 and which have an impact over UniCredit group figures and ratios as at 31 December 2021. EBA document is available at the following link: https://eba.europa.eu/eba-provides-additional-clarity-on-measures-mitigate-impact-Covid-19-eu-banking-sector.
4 Targeted Review of Internal Models.
5 European Central Bank: “Guidance to banks on non-performing loans”, issued in March 2017.
6 European Central Bank: “Addendum to the ECB Guidance to banks on non-performing loans: supervisory expectations for prudential provisioning of non-performing exposures”, issued in March 2018.

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

With regards to public guarantees: ECB coverage expectation of a 0% on new non-performing exposures that have public guarantees, for the first seven years of the NPE vintage count.
- **Transitional IFRS9**: recommendation to institutions to implement the transitional IFRS9 arrangements foreseen in the Regulation (EU) 575/2013 (Capital Requirements Regulation - CRR), if not already adopted.

- **EBA measures issued on 25 March 2020** (on this topic, refer also to the EBA measures issued on 2 April 2020):
  - **Flexibility in prudential framework:** call for flexibility and pragmatism in the application of the prudential framework, clarifying that, in case of debt moratoria, there is no automatic classification in default, to forborne, and of the worsening of the stage IFRS9.
  - **Risk measurement**: indication on the importance of adequate risk measurement prioritizing individual assessments of obligors' likeliness to pay when possible.
  The additional measures issued to supplement/modify those above, which extended their validity until 31 March 2021, are set out later in this chapter (refer to EBA measures of 2 April 2020, 18 June 2020, 21 September 2020 and 2 December 2020).

- **ECB measures issued on 27 March 2020:**
  - **ECB asked banks not to pay dividends until at least October 2020**: update of the recommendation to banks on dividend distributions. To boost the capacity to absorb losses and support lending to households, small businesses and corporates, indication of not pay dividends for the financial years 2019 and 2020 until at least 1 October 2020, refraining from share buy-backs aimed at remunerating shareholders.
  The additional measures issued to supplement/modify the one reported above, which extended its validity until 30 September 2021, are set out later in this chapter (refer to (i) EBA measures of 31 March 2020 and (ii) ECB measures of 28 July 2020, 15 December 2020 and 23 July 2021).

- **EBA measures issued on 31 March 2020:**
  - **Sound capital base**: EBA support with all the measures taken to ensure banks maintain a sound capital base and provide the needed support to the economy; in this respect, reiteration and expansion of the call to institutions to refrain from the distribution of dividends or share buybacks for the purpose of remunerating shareholders and assess their remuneration policies in line with the risks stemming from the economic situation.
  The additional measures issued to supplement/modify the one reported above, which extended its validity until 30 September 2021, are set out later in this chapter (refer to ECB measures of 28 July 2020, 15 December 2020 and 23 July 2021).

- **ECB measures issued on 1 April 2020:**
  - **Guidance on and references to the use of forecasts**: call to avoid excessively procyclical assumptions in expected credit loss (ECL) estimations during the Covid-19 pandemic; in particular, with reference to: i) collective assessment of the significant increase in credit risk (SICR); ii) use of long-term macroeconomic forecasts; iii) use of macroeconomic forecasts limited to specific years.

- **EBA guidelines issued on 2 April 2020:**
  - **Guidelines on the treatment of legislative and non-legislative moratoria applied before 30 June 2020**: clarification which legislative and non-legislative payment moratoria could trigger forbearance classification; in particular, supplement of the EBA Guidelines on the application of the definition of default as regards the treatment of distressed restructuring (clarifying that the payment moratoria, if based on the application of national laws, or on initiatives agreed at industry/private sector level, where widely applied by the relevant credit institutions, do not trigger forbearance classification and it is not necessary to verify the existence of the requirements for tracing between the distressed restructuring).
  The additional measures issued to supplement/modify the one above, which extended its validity until 31 March 2021, are set out later in this chapter (refer to EBA measures of 18 June 2020, 21 September 2020 and 2 December 2020).

- **ECB statement issued on 14 April 2020:**
  - **Support to the action taken by Euro area macroprudential authorities to address the financial sector impact of the coronavirus outbreak by releasing or reducing capital buffers**: assessment of the notifications submitted by national macroprudential authorities for each proposed measure provided for in the CRR and CRD, and issues a non-objection decision, thereby endorsing the measures taken to reduce capital requirements, including the countercyclical capital buffer.

- **ECB press release issued on 16 April 2020:**
  - **Temporary relief for capital requirements for market risk**, by allowing banks to reduce the market risk multiplier by its qualitative component, if any; the market risk multiplier is used to compensate the possible underestimation by banks of their capital requirements for market risk. The reduction of the market risk multiplier by its qualitative component aims at compensating for the quantitative multiplier which can rise when market volatility has been higher than predicted by the bank's internal model.

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

- **EBA statements issued on 22 April 2020:**
  - Further measures and guidance on the use of flexibility in relation to Covid-19 on:
    - Market Risk - Prudent Valuation: draft regulatory standards to mitigate the excessive procyclical effect of the current framework (effects should materialise starting from second quarter 2020, and transitorily applicable till 31 December 2020);
    - Market Risk - VaR: clarification of the existing flexibility in the CRR regarding back-testing multipliers and indication that the review of the stressed VaR window can be postponed to the end of 2020;
    - Market Risk - Fundamental Review of the Trading Book (FRTB) - Standardised Approach (SA): postponement to 30 September 2021 (as reference date) of the first reporting related to FRTB-SA figures under CRR2;
    - Supervisory Review and Evaluation Process 2020: clarification that this year's supervisory assessment is focused on material risks and vulnerabilities driven by the current crisis, and the banks' ability to respond;
    - Securitisation: clarification on the application to securitisations of the beneficial treatment for forborne/NPE classification in case of public/private moratoria; the significant risk transfer, for deals envisaging such approach, is not unduly affected;
    - Digital operational resilience: importance of operational continuity resilience and cyber security risk management.

- **ECB press release issued on 30 April 2020:**
  - **Recalibration of targeted lending operations to further support real economy**, reducing interest rate on all targeted longer-term refinancing operations (TLTRO III) by 25 basis points to -0.5% from June 2020 to June 2021.
    The additional measures issued to supplement/modify the one above, which extended its validity until June 2022, are set out later in this chapter (refer to ECB measures of 10 December 2020).

- **EBA press release issued on 18 June 2020:**
  - **Extension of deadline for the application of Guidelines on payment moratoria to 30 September 2020.**
    Acknowledgment of the crucial role played by banks in providing financing to European businesses and citiens during the ongoing Covid-19 pandemic, and extension of the application date of Guidelines on payment moratoria (legislative and non-legislative) by 3 months, till 30 September 2020 (ref. "EBA guidelines issued on 2 April 2020").
    The additional measures issued to supplement/modify the one above, which extended its validity until 31 March 2021, are set out later in this chapter (refer to EBA measures of 21 September 2020 and 2 December 2020).

- **Publication of the Regulation (EU) 873/2020 (CRR "Quick fix") in the Official Journal of the EU, on 26 June 2020, making targeted amendments to the Capital Requirements Regulation (EU) 575/2013 (CRR) and the revised Capital Requirements Regulation (EU) 876/2019 (CRR2) which enters into force and is applicable starting from 27 June 2020:**
  Starting from the second quarter 2020 reporting date, application of the following changes:
  - application of the SME supporting factor according to the Art.501 of CRR2, concerning the adjustment of own funds requirements for non-defaulted SME exposures;
  - application of a more favorable prudential treatment of loans to pensioners or employees with a permanent contract that are backed by the borrower's pension or salary according to the Art.123 of the CRR2;
  - application of a temporary treatment of public debt issued in the currency of another Member State according to the new Art.500a of the CRR2. Until 31 December 2022 the risk weight applied to the exposure values evaluated according to the standardised methodology shall be 0% of the risk weight assigned to these exposures in accordance with paragraph 2 of article 114;
  - extension by 2 years of transitional arrangements for mitigating the impact on Own Funds from the introduction of IFRS9 (article 473a (8) of Regulation (EU) 575/2013);
  - introduction of temporary prudential filter for unrealised gains and losses measured at fair value through other comprehensive income, corresponding to exposures to central governments, to regional governments or to local authorities referred, during the period from 1 January 2020 to 31 December 2022.

- **ECB press release issued on 28 July 2020:**
  - **Extension of the recommendation not to pay dividends until January 2021 and clarification of timeline to restore buffers.**
    Extension of the recommendation to banks on dividend distributions and share buy-backs until 1 January 2021, asking to banks to be extremely moderate regarding to variable remuneration and giving enough time for banks to replenish their capital and liquidity buffers in order not to act pro-cyclically.
    The updated recommendation on dividend distributions remains temporary and exceptional and is aimed at preserving banks' capacity to absorb losses and support the economy in this environment of exceptional uncertainty.
    Issuing a letter to banks asking them to be extremely moderate with regard to variable remuneration payments, for example by reducing the overall amount of variable pay, deferring a larger part of the variable remuneration and consider payments in instruments, e.g. own shares.
    Application of the same to the Liquidity Coverage Ratio (LCR) replenishing, considering both bank-specific (e.g. access to funding markets) and market-specific factors (e.g. demand for liquidity from households, corporates and other market participants).

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

ECB commitment to allow banks to operate below the P2G and the combined buffer requirement until at least end-2022, and below the LCR until at least end-2021, without automatically triggering supervisory actions.
The additional measures issued to supplement/modify the one reported above, which extended its validity until 30 September 2021, are set out later in this chapter (refer to ECB measures of 15 December 2020 and 23 July 2021).

- **ECB press release issued on 17 September 2020:**
  - **Temporary relief in banks' leverage ratio and declaration of exceptional circumstances due to pandemic (Decision (EU) 2020/1306).**
    Decision on the temporary exclusion of certain exposures to central banks from the total exposure measure in view of the Covid-19 pandemic in order to facilitate the implementation of monetary policies; confirmation of the exceptional circumstances due to the Covid-19 pandemic (for the purposes of article 500b(2) of the Regulation (EU) 873/2020 - "CRR Quick Fix" amending Regulations (EU) 575/2013 and (EU) 876/2019). Relief measure until 27 June 2021.
    The additional measures issued to supplement/modify the one reported above, which extended its validity until March 2022, are set out later in this chapter (refer to ECB measures of 18 June 2021 and 10 February 2022).

- **EBA press release issued on 21 September 2020:**
  - **Phase out of Guidelines on legislative and non-legislative loan repayments moratoria** in accordance with its end of September deadline (ref. "EBA guidelines issued on 2 April 2020" and "EBA press release issued on 18 June 2020"). The regulatory treatment set out in the Guidelines continues to apply to all payment holidays granted under eligible payment moratoria prior to 30 September 2020. Banks can continue supporting their customers with extended payment moratoria also after 30 September 2020; such loans should be classified on a case-by-case basis according to the usual prudential framework.
    The additional measures issued to supplement/modify the one reported above, which extended its validity until 31 March 2021, are set out later in this chapter (refer to EBA measures of 2 December 2020).

- **EBA press release issued on 2 December 2020:**
  - **Reactivation of the Guidelines on legislative and non-legislative moratoria**. This reactivation ensures that loans, which had previously not benefitted from payment moratoria, can also benefit from them. Recognition of the exceptional circumstances of the second Covid-19 wave. Guidelines's application until 31 March 2021, including additional safeguards against the risk of an undue increase in unrecognised losses on banks' balance sheet (ref. "EBA guidelines issued on 2 April 2020"; "EBA press release issued on 18 June 2020" and "EBA press release issued on 21 September 2020).

- **ECB decision issued on 10 December 2020:**
  - **TLTROIII: Extension until June 2022 of the period over which considerably more favourable terms will apply for targeted longer-term refinancing operations (TLTRO).**
    To contribute to preserving favourable financing conditions over the pandemic period and, thereby support the flow of credit to all sectors of the economy, decision to extend the period over which considerably more favourable terms will apply to June 2022 and to raise the total amount that Eurosystem counterparties will be entitled to borrow in TLTROs-III from 50 per cent to 55 per cent of their stock of eligible loans. In order to provide an incentive for banks to sustain the current level of bank lending, decision to extend the more favourable terms on TLTROs-III to June 2022 only to the banks that achieve a new lending performance target.

- **ECB press release issued on 15 December 2020:**
  - **Request to refrain from or limit dividends until September 2021.**
    Recommendation to banks exercise extreme prudence on dividends and share buy-backs. Request to all banks to consider not distributing any cash dividends or conducting share buy-backs, or to limit such distributions, until 30 September 2021. The recommendation also reflects an assessment of the stability of the financial system and was made in close cooperation with the European Systemic Risk Board;
    given the persisting uncertainty over the economic impact of the Covid-19 pandemic, the ECB expects dividends and share buy-backs to remain below 15% of the cumulated profit for 2019-20 and not higher than 20 basis points of the Common Equity Tier 1 (CET1) ratio, whichever is lower. Banks that intend to pay dividends or buy back shares need to be profitable and have robust capital trajectories. Banks should refrain from distributing interim dividends out of their 2021 profits. The previous recommendation for a temporary suspension of all cash dividends and share buy-backs of 27 March 2020, and its extension on 28 July 2020, reflected the exceptional and challenging circumstances which the European economy faced in 2020. The revised recommendation aims to safeguard banks' capacity to absorb losses and lend to support the economy, remaining valid until the end of September 2021.
    In a letter to banks, the ECB also reiterates its expectations that banks adopt extreme moderation on variable remuneration following the same timeline foreseen for dividends and share buy-backs (30 September 2021).

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

The additional measures issued to supplement/modify the one reported above, which confirmed its validity until 30 September 2021, are set out later in this chapter (refer to ECB measures of 23 July 2021).

- **ECB press release issued on 18 June 2021:**
  - **Extension of leverage ratio relief for banks until March 2022.**
    The ECB announces that euro area banks it directly supervises may continue to exclude certain central bank exposures from the leverage ratio as exceptional macroeconomic circumstances due to the coronavirus (Covid-19) pandemic continue. The move extends until March 2022 the leverage ratio relief granted in September 2020, which was set to expire on 27 June 2021.
    The additional measures issued to supplement/modify the one reported above, which confirm their validity until March 2022, are set out later in this chapter (refer to ECB measures of 10 February 2022).

- **ECB press release issued on 23 July 2021:**
  - **Decision of not to extend dividend recommendation beyond September 2021.**
    Decision of not to extend beyond September 2021 the recommendation (ECB/2020/62 of 15 December 2020) that all banks limit dividends. Instead, supervisors will assess the capital and distribution plans of each bank as part of the regular supervisory process.
    In March 2020 the ECB asked banks not to pay dividends with the aim of boosting their capacity to absorb losses and to support lending to households, small businesses and corporates during the coronavirus (Covid-19) pandemic. A similar recommendation was repeated in July 2020, while in December 2020 the ECB recommended that banks limit their dividend payments. The same applied to share buy-backs.
    The latest macroeconomic projections confirm the economic rebound and point to reduced uncertainty, which is improving the reliability of banks' capital trajectories. Supervisors have reviewed banks' credit risk practices during the pandemic. As a result, Supervisors deemed appropriate to reinstate the previous supervisory practice of discussing capital trajectories and dividend or share buy-back plans with each bank in the context of the normal supervisory cycle.
    However, Supervisors considered that banks should remain prudent when deciding on dividends and share buy-backs, carefully considering the sustainability of their business model. They should also not underestimate the risk that additional losses may later have an impact on their capital trajectory as support measures expire.
    When assessing a bank's capital trajectory and its distribution plans, supervisors will take a forward-looking view duly informed by the results of the 2021 stress test. Supervisors will also carefully consider the bank's credit risk practices which may affect the credibility of its capital trajectory. Supervisors will engage with banks over the summer as part of the regular supervisory dialogue.
    Request to banks to adopt a prudent and forward-looking approach when deciding on remuneration policies. As part of its supervisory review process, ECB commitment to assess banks' remuneration policies and the impact such policies may have on a bank's ability to maintain a sound capital base. The recommendation on dividends remains applicable until 30 September 2021.

- **ECB press release issued on 17 December 2021:**
  - **Decision of not extend liquidity relief beyond December 2021** that allowed banks to operate with a liquidity coverage ratio (LCR) below 100%. As the specific relief measure granted at the outset of the pandemic has not been extended, the ECB expects all banks to maintain a liquidity coverage ratio of above 100% as at 1 January 2022.

- **EBA press release issued on 17 January 2022:**
  - **Confirmation of the continued application of Covid-19 related reporting and disclosure requirements until further notice.**
    Following the uncertainty over Covid-19 developments, EBA confirms the need to continue a quarterly basis monitoring exposures and the credit quality of loans benefitting from various public support measures. To facilitate such monitoring, the "Guidelines on the reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis" (EBA/GL/2020/07) continue to apply until further notice.

- **ECB press release issued on 10 February 2022:**
  - **Decision of not extend capital relief (Pillar 2 Guidance and the capital conservation buffer) and leverage relief** (exclusion of central bank exposures from leverage ratios) for banks beyond December 2022 and beyond March 2022.

Overview of the main measures from National Member States

- **Italy:**
  - **Moratorium on mortgages for private Individuals (UniCredit initiative)**; expired on 31 August 2021. 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 of suspension of 12 months and no later than 30June 2022.

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

- **Moratorium on mortgages for private Individuals (Government initiative)**; extended until 31 December 2022. 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) suspension of the whole installment (principal + interests).

- **Moratorium for SME (Italian Banking Association and UniCredit initiative**); expired on 31 March 2021. 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")**; expired on 31 December 2021. Main features: (i) irrevocability (until 31 December 2021) 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 act and 31 December 2021); (ii) postponement (until 31 December 2021 under the same conditions) of the repayment of non-installment loans due to mature before 31 December 2021 (guarantee covers 33%); (iii) suspension (till 31 December 2021) of the payment of the instalments of loans (principal and interests) due to mature before 31 December 2021 (guarantee covers 33%).

- **"Liquidity" Decree** of 8 April 2020, converted with modifications into Law No.40 of 5 June 2020, containing temporary measures to support liquidity of corporates. It envisages, until 31 December 2020, the possibility of granting SACE[7] guarantees between 70 and 90% for loans to businesses, including SMEs that have made full use of their ability to access the "Fondo Centrale di Garanzia", with a duration of up to 6 years and with a specific purpose (personnel costs, costs related to rental/lease of a business branch, investments or working capital for production facilities and business activities located in Italy). The guarantee is at first request, unconditional, explicit, irrevocable, and in compliance with the requirements of the prudential regulations for the purpose of risk mitigation.
  The same Decree also provides for changes to the Central Guarantee Fund with effect until 31 December 2020, with improvements and simplifications including extending the guarantee to MID CAPs (up to 499 employees), increasing the coverage up to 90% (100% in case of reinsurance), and the increase of the maximum guaranteed amount to €5 million, the simplified procedure for loans up to €25,000 with a duration of 7 years (increased to €30,000, max duration 10 years by the Conversion Law No.40 of June 2020), and renegotiation/consolidation of debt with minimum additional finance (10%, limit increased to 25% by the aforementioned Conversion Law).
  In addition, this Decree provides for the granting of the guarantee on loan portfolios and minibond portfolios from the Fund's availability (it being understood that 85% of the Fund's endowment must be allocated to individual loans).

- **Tax measures** (measures for supporting economy regarding tax matters): Art.55 of the Decree 18/2020 provides the possibility to convert existing Deferred Tax Assets related to IRES Tax Losses Carried Forward (regardless of whether or not a corresponding Deferred Tax Assets has been recognised) and to the ACE[8] surpluses into tax credits, following the disposal, by 31 December 2020, outside the Group and with accounting derecognition, of credits from defaulting debtors for at least 90 days. Against the transformed amount, the payment (starting from 2021) of a 1.5% fee is due. Under the regulatory capital perspective, CET1 capital will benefit from such potential conversion; on the other side, such assets represent current credit positions towards the Authority, hence to be risk weighted at 0%.

- **"Rilancio" Decree** of 19 May 2020, No.34, converted into Law No.77 of 17 July 2020, containing, among other things, multiple urgent measures in the field of health, support for work and the economy, connected to the Covid-19 pandemic. Among the interventions, this Law:
  - recognises, for counterparties (non-banks) which habitually carry out business activities or arts and professions in premises open to the public, a tax credit of 60% of the expenses incurred in 2020 (up to a maximum of €80,000) for the adaptation interventions of the working environments to contain the spread of the Covid-19 virus. The tax credit can be combined with other concessions for the same expenses, can only be used in compensation and can be transferred to other subjects, including banks and other financial institutions, with the right to subsequently transfer the credit;
  - recognises, for counterparties which habitually carry out business activities or arts and professions, a tax credit of 60% of the expenses incurred in 2020 (up to a maximum of €60,000) for sanitization interventions and the purchase of protective devices. The tax credit can be combined with other concessions for the same expenses, can only be used in compensation and can be transferred to other subjects, including banks and other financial institutions, with the right to subsequently transfer the credit;
  - raises the deduction rate for expenses incurred from 1 July 2020 to 31 December 2021 to 110% for specific interventions regarding energy efficiency, anti-seismic interventions, installation of photovoltaic systems or infrastructures for charging electric vehicles in buildings. The new provisions make it possible to benefit from a tax deduction of 110 per cent of the expenses incurred for the aforementioned purposes, under certain conditions, and are added to those already in force which regulate the deductions of expenses due for the recovery of the real estate assets, including those of seismic risk reduction (i.e. Sismabonus) and energy requalification of buildings (i.e. Ecobonus).

7 SACE: joint stock company of the Italian group Cassa Depositi e Prestiti, specialised in the insurance-financial sector; with the Decree it assumes the role of state reference and reinsurance subject for the credit institutions that will provide support to corporate.
8 Aiuto alla Crescita Economica (Allowance for corporate equity).

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The deduction is normally divided in 5 annual installments, within the limits of the capacity of the annual tax resulting from the tax return. As an alternative to the direct use of the deduction, the Taxpayer (mainly Individuals and Condominiums) can opt for an advance contribution in the form of a discount from the suppliers of goods or services, or, also in this case, for the transfer of the tax credit, corresponding to the deduction due, to other subjects, including banks and other financial institutions, with the option of subsequent transfer;
- provides 2 new tax credit for the investments of individuals in innovative start up and innovative SME's: a tax credit of 50% of the investment (direct or through UCITS). The investment must be kept for 3 years and cannot exceed €100,000 (€300,000 for investments in innovative SME's);
- introduces a double tax benefit for capital injections in middle companies: a tax credit of the 20% of the injection for the transferor; a tax credit of the 50% of the losses exceeding the 10% of net worth for the transferee company, gross of such losses, up to 30% of the capital increase.

- "**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. Main measures introduced by the Law:
  - extension of 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;
  - introduction of some technical changes to the possibility (Art. 55, DL Cura Italia n. 18/2020) to convert the DTAs into tax credits (application to special regimes, such as consolidated and transparency);
  - extension of the "Fondo Centrale di Garanzia" guarantee scope to companies that have obtained (on financial transactions guaranteed by the Fund) an extension of the guarantee due to temporary difficulties of the beneficiary, if they meet certain requirements;
  - extension of the "Fondo Centrale di Garanzia" €30.000 Guarantee scope to individuals carrying out activities referred to in section K of the ATECO code (this section includes financial intermediation activities, including insurance, reinsurance and pension funds, as well as activities auxiliary to financial intermediation. Also included are the activities of assuming and holding financial assets, such as the activities of holding companies, trust companies, fund management companies and other financial intermediaries);
  - extension of the SACE guarantee scope also to companies admitted to the arrangement procedure with business continuity (or certified plans and restructuring agreements) if their exposures are not classifiable as non performing exposures (at the date of submission of the application), they don't present amounts in arrears and the lender can reasonably assume the full repayment of the exposure at maturity;
  - extension to 31 March 2021 of 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.

- **Budget Law 2021**: Budget Law 2021 provides that Mid Cap (enterprises with employees up to 499) can benefit from the "Garanzia Italia - SACE" tool from 1 March 2021 to 30 June 2021 at following terms: free guarantees, coverage of 90% and max amount of guaranteed loan up to €5 million. For the guarantee to be issued, it is expected: I) that the enterprise which benefits the guarantee doesn't have to manage employment levels through Trade Unions agreement and II) the simplified procedure to issue the guarantee. From 1 July 2021, Mid Cap can benefit from SACE guarantees at market conditions and with a coverage of 80%. Furthermore, Budget Law 2021 provides for: i) extension of "Garanzia Italia - SACE" also to the renegotiations of existing loans (if there is additional credit of at least 25% more, and if the issue of the guarantee determines a lower cost and/or a longer duration of the loan), II) extension of the "Garanzia Italia - SACE" to enterprises accessing to financing instruments alternative to banking financing, such as credit transfers. The same Law extends either SME moratorium either FCG guarantee until 30 June 2021 (28 February 2021 for Mid-Cap) and provides for a duration up to 15 years for loans up to €30,000 (DL Liquidità, Art.13, par.1, letter m, DL 23/2020) even if they are already in progress at 1 January 2021.
  It is also introduced a measure to improve and clarify some operational aspects of securitisation transactions: I) SVPs are allowed to be borrowers to finance the securitisation operation, II) it is clarified that the sums paid by anyone (as long as in relation to loans) are intended to fulfil the rights incorporated in the securities issued; III) it is clarified that the SPVs can be the recipient of goods not only as a result of buying and selling operations, but also of extraordinary operations.
  Finally, Budget Law 2021 provides the extension of "Super bonus 110%" up to June 2022 (previous deadline 31 December 2021) with some improvements aimed at extending the scope of the benefit.

- **"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. Main measures introduced:
  - Extension to 31 December 2021 of the extraordinary public guarantees provided by SACE and Fondo Centrale di Garanzia PMI (FCG).
  - Extension to 31 December 2021 of SACE Guarantee for Mid-caps under the same conditions as the FCG.

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- Possibility of extending the duration of loans with SACE Guarantee up to 10 years (including existing loans), against payment of a fee.
- From 1 July 2021 for FCG guarantee operations over €30.000 the coverage is reduced up to 80% (previously 90%) with the possibility of extending the duration of FCG operations (both new and existing) up to 10 years (after authorization of the European Commission).
- From 1 July 2021 for FCG guarantee operations up to €30.000 the coverage is reduced from 100% to 90%, with a possible application of a different rate from "0.2% + Rendistato".
- The ban related to the distribution of dividends for Small Mid-caps that from 1 March 2021 access the SACE Guarantee has been removed (no longer FCG).
- Extension to 31 December 2021 of FCG guarantee for non-commercial entities, including third sector and civilly recognised religious entities.
- Extension to 31 December 2021 of SACE guarantee in favor of banks and financial institutions that subscribe bonds or other debt securities issued by companies with a rating of at least BB-. The retention rate imposed on the original subscribers of bonds with a rating lower than BBB- has been reduced (from 30% to 15%). This provision also applies retroactively to transactions already approved by SACE.
- Extension 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 15 June 2021.
- ACE strengthening for 2021 by applying a rate of 15%. The rate is recognised for capital increase of a maximum amount of 5 million, regardless of the amount of net assets resulting from the financial statements. It is possible to benefit from the ACE either as ordinary deduction either as a tax credit.
- Extension of the temporal effectiveness of the measures relating to the transformation of DTAs into tax credits in the event of business combinations. 31 December 2021 is no longer the final date for the shareholders' resolution but is relevant only for the approval of the project by the competent administrative body of the participating companies. Therefore, the shareholders' resolution may also take place in 2022.
- Introduced a new public guarantee on M/L term loan portfolios (6 - 15 years) in favor of SMEs and Small Mid Cap (up to 499 employees), finalised (for at least 60%) on research projects, development and innovation and/or investment programs.
- Introduced a specific section of the FCG (€100 million for 2021 and €100 million for 2022) aimed at granting guarantees on bond portfolios issued by companies up to 499 employees, for the implementation of qualified business development programs. For the eligibility of the guarantee, the amount of the bonds issued by each company must be between €2 million and €8 million. The conditions for accessing to the guarantee will be defined by MISE-MEF decree.

- **Budget Law 2022:** the budget law 2022 (law No.234/2021) provided for the following interventions:
  - Guarantee Fund for SMEs (FCG):
    - Extension to 30 June 2022 of the extraordinary FCG guarantee (Art.13 DL 23/2020). The guarantee is granted free of charge until 31 March 2022. From 1 April 2022 guarantees are granted against payment of a fee.
    - FCG loans up to €30,000 (Art.13 letter m - DL 23/2020): from 1 January 2022 with coverage of 80%. From 1 April 2022 guarantees are granted against payment of a fee.
    - Extension to 30 June 2022 of the FCG guarantee in favor of non-commercial entities, including third sector entities and civilly recognised religious entities.
    - From 1 July 2022, the extraordinary rules set out in Art.13 DL 23/2020 to the requests for admission to the Fund guarantee will no longer apply.
    - From 1 July 2022 and until 31 December 2022, the maximum amount guaranteed by the Fund per individual company is equal to €5 million and the guarantee is granted by applying the Fund's valuation model (without prejudice to eligibility for guarantee from the Fund for subjects falling within band 5 of the same valuation model). The financial operations granted, for needs other than the realization of investments, in favor of the beneficiaries in bands 1 and 2 are guaranteed up to a maximum of 60%.
  - Further measures on guarantees to support corporate liquidity:
    - Extension to 30 June 2022 of the SACE extraordinary guarantee (Art.1 DL 23/2020).
    - Extension to 30 June 2022 of the SACE Guarantee in favor of Mid-caps (Art.1-bis.1 of DL 23/2020).
      Extension to 30 June 2022 of the SACE guarantee in favor of banks and financial institutions that underwrite bonds or other debt securities issued by companies with a rating of at least BB-.
    - Extension of the public guarantee on exposures assumed by Cassa Depositi e Prestiti (CDP) by 30 June 2022 deriving from guarantees on loan portfolios granted, in any form, by banks and other intermediaries to companies based in Italy which have suffered a reduction in turnover and which envisage procedures such as to ensure the granting by the lenders of new loans based on the amount of regulatory capital released as a result of the guarantees themselves (Article 1 paragraph 13, DL 23/2020).

- **Other main countries:**
  Several countries in which the Group operates have passed laws for concession of payment moratorium to grant private entities and enterprises sufficient liquidity to counteract the effect of the Covid-19 emergency.

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Specifically, with reference to the disclosure relating to:
- countries whose moratorium (legal and offered by bank) expired as at 31 December 2021, refer to the UniCredit Group Disclosure (Pillar III) as at 31 December 2020 (with reference to Russia) and to the UniCredit Group Disclosure (Pillar III) as at 30 September 2021 (with reference to Serbia);
- countries whose moratorium (legal and offered by bank) are in force as at 31 December 2021, refer to the following information.

- **Germany**:
  - Law requiring banks to provide moratorium to private individuals and small business was passed on 1 April 2020; according to the law, customer could apply for a moratorium of payments falling between 1 April and 30 June 2020. All moratoria granted within these initiatives were expired as at 30 September 2021.
  - Bank specific moratoria and other Forbearance Measures are still granted independently of the legal regulations.

- **Bulgaria**:
  - No specific moratorium Law passed; moratorium and other relief measures are offered by commercial banks in the country to retail and corporate customers and they will become effective upon application by the customer. This is defined in a non-legislative moratorium (as per EBA guidelines from 25 March 2020) proposed by the Association of the Bulgarian Banks and approved by the Bulgarian National Bank on 10 April 2020.
  - According to the above mentioned non-legislative (private public-like type) moratorium, customers were able to apply for a moratorium up to 22 June 2020 in order to obtain a payment holiday of principal and/or interests for 6 months. In any case extension of payments in grace was allowed not later than 31 December 2020. At the end of June 2020, the moratoria (proposed by the Association of the Bulgarian Banks and approved by the Bulgarian National Bank) was prolonged with three more months, thus allowing customer application until 21 September 2020.
  - By Law during the declared by the Bulgarian Parliament on 13 March 2020 “state of emergency”, no penalty interests were accrued on delayed payments. Regular interests were accrued with reference to the capital component of the instalment being overdue. Penalty interest accruals were restored with the end of the emergency state.
  - On 19 March 2020, the Bulgarian National Bank has announced three further measures (confirmed also in 2021) to mitigate the negative impact by the Covid-19 outbreak:
    - forbidding dividend distribution for all banks in Bulgaria, aiming at strengthening their capital positions;
    - revoking the previously scheduled for 2020 and 2021 increases of the anti-cyclical capital buffers;
    - introducing ad hoc limits on cross-border liquidity placements.
  - With a decision of the Bulgarian National Bank dated 11 December 2020 a proposal by Association of the Bulgarian Banks moratoria prolongation was approved, thus allowing the customers to apply for a moratorium up to 23 March 2021. Clients could obtain payment holiday for principal and/or interests up to 9 months cumulatively for all moratoria measures applied. Extension of payments in grace was allowed not later than 31 December 2021. As at the end of March 2021 the client application period has expired without further prolongation, and as a result no more applications by clients were accepted for EBA Compliant Moratoria, as approved by the Association of the Bulgarian Banks and by the Bulgarian National Bank. At the end of December 2021, the EBA compliant moratoria are expired.

- **Croatia**:
  - No specific moratorium Law passed; until 30 September 2020 commercial banks were offering moratorium and stand-still measures to retail and corporate customers, which became effective upon application by customers.
  - For retail customers, the moratorium has foreseen payment holidays up to 6 months since the approval; for corporate customers: (i) stand-still measures up to 3 months; (ii) moratorium with extension of final maturity up to 6 months (up to 12 months for selected industries with significant seasonality, e.g. tourism).
  - Interests has been accrued on delayed payments with reference to the capital component of the instalment being delayed.
  - Commercial banks continue, also after 30 September 2020, to offer support to customers through moratorium and stand-still measures.

- **Hungary**:
  - Law requiring banks to provide moratorium to retail, corporate and financial institution different from banks was passed on 18 March 2020; such law determines the automatic change in the payment plan of existing loans with no need for the customer to apply.
  - For all customers, the payment moratoria referred to the period 18 March 2020 - 31 December 2020 (clients were allowed to opt-out the moratoria any time and opt-in again, without limitation on the number/timing of opting in/out); therefore, payments due on this time frame have been delayed in 2021 thus determining an increase in the maturity of the loan.
  - Interests were accrued on delayed payments with reference to the capital component of the instalment being delayed; interests accrued at the end of moratorium are suspended and linearly spread over the remaining instalments.
  - On 22 December 2020 the Hungarian Government enacted the extension of the moratorium until 30 June 2021 for the same scope of customers.
  - The customers who were under protection of moratorium regarding payment obligations in December do not had to apply for the extension of moratorium, which was granted automatically from 1 January 2021.

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- The customers who were not under moratorium in December 2020 they had to declare that they want to opt-in from January 2021.
- For the effected and eligible deals the same rules (opt in/out, maturity extension, spreading of accumulated interest, etc.) must be applied like before 31 December 2020.
- On 9 June 2021 the Hungarian Government enacted the extension of the moratorium until 30 September 2021 without any change in the conditions of participation in moratorium.
- On 15 September 2021 the Hungarian Government enacted the extension of the moratorium until 31 October 2021 without any change in the conditions of participation in moratorium.
- From 1 November 2021 the following categories are eligible for a new legislative moratorium, with expiration date 30 June 2022: pensioners, households, civil servants, privates with decreased income after 18 March 2020, unemployed and companies with at least 25% lower revenue at the moment of the request respect 18 months before.

- **Bosnia and Herzegovina**:
  - Decisions by Banking Regulators (in Federation of Bosnia and Herzegovina and in Republic of Srpska) requiring banks to provide temporary moratorium to all customers per their requests, passed by the end of March 2020. According to those Decisions, a first temporary moratorium could be approved, upon request by the customer, until the repeal of extraordinary situation.
  - After expiration of temporary moratorium, further special measures could be approved by banks, upon request by the customer, up to a maximum period of 6 months.
  - Interests are accrued on delayed payments with reference to the capital component of the instalment being delayed.
  - Regulators adopted new decisions (in Federation of Bosnia and Herzegovina at the end of August and in Republic of Srpska at the beginning of September) according to which special measures can be approved by the Bank upon request by customer.
  - Customers could apply for special measures until 31 December 2020.
  - Maximum period on which moratorium could be approved is 6 months while other measures could be approved up to 12 months. Earlier approved temporary or special measures (according to the Decisions from March) are not included in maximum period prescribed by new decisions.
  - In March 2021 both Regulators adopted Amendments on Decisions by which Regulators officially reactivated legislative moratoria possibility with following conditions: (i) new/extension of existing moratoria request with max period of moratoria until 30 June 2021; (ii) Grace period and prolongation of limit products can be granted max until 31 December 2021.
  - In December 2021 both Regulators extended the deadline for the existing moratoria until 31 March 2022.

- **Slovenia**:
  - The first legislative moratorium, enacted by end of March 2020, that required banks to provide moratorium to retail and corporate customers was approved by the end of March.
    The Act applied to: (i) banks and savings banks with seat in Slovenia and Slovenian branches of EU banks, on the lenders' side; (ii) companies, co-operatives, foundations, institutes (all with seat in Slovenia), sole entrepreneurs, farmers, natural persons (all if Slovenian citizens residing in Slovenia), on the borrowers' side.
    Debtors could apply for deferral of instalments, including accrued interests, during the period of pandemic which officially started as at 12 March 2020. Expiration date for application was 15 November 2020.
  - The second legislative moratorium published as at the end of November 2020 extended the date for application until 31 January 2021 and also included changes in beneficiaries of the moratoria where natural non-citizens persons with permanent residence in Republic of Slovenia were included.
    The State Guarantee was applicable also for this legislative moratorium with the limit of €200 million which remained unchanged and applied jointly for both legislative moratoriums.
  - The third legislative moratorium published in the end of December 2020 stated that all moratoria granted under the second law are limited to period of 9 months (in the second law the expiration date was 31 January 2021) whereas other requirements from the second and the first law remain unchanged. The moratoria granted until 31 January 2021 were limited to a period of 9 months and at the end of October 2021 were expired.
  - All moratoria (legislative or private) are subject to forbearance measures in line with EBA guidelines.

- **Austria**:
  - Legal credit moratoria (Covid-19 JuBG) as well as EBA-compliant private credit moratoria programs matured in first quarter 2021 and there are no plans to set up further Covid-19 related EBA-compliant moratoria in Austria. All moratoria granted within these initiatives expired already as at first quarter 2021.
  - Bank specific moratoria and other Forbearance Measures are still granted independently of the legal regulations.
  - Under the legal context, loans secured with state guarantees have been granted in order to secure customer liquidity, whereby up to 100% of the loan is secured according to the specifications, depending on the guaranteed scheme. Austrian government approved on 14 June 2021 the extension of the 100%-guarantee scheme until 31 December 2021. In December 2021 the government approved a further extension of the guaranteed scheme until June 2022.

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- **Slovakia**:
  - Law requiring banks to provide moratorium to retail and corporate customers passed as at 9 April 2020; for all the customers, covered a maximum period of 9 months (6 months for leasing products), upon request of customers.
  - Debtors may apply for deferral of instalments during the period of pandemic which officially started on 12 March 2020. In case of consumer (retail) loans, debtors may apply for deferral of all installments (i.e. principal and interests); in the case of corporate loans debtors can choose whether apply for deferral of all installment (i.e. principal and interests) or only of principal repayments (interest would be still paid during the deferral) or for deferral of loan repayable in one bullet payment.
  - Interests are accrued during the period of deferral; however, the accrued interest for the period of delay shall not be capitalised into the principal.

- **Czech Republic**:
  - Law requiring banks to provide moratorium to retail and corporate customers passed as at 17 April 2020; for all the customers, covered the period starting on1 May 2020 and ending on 31 October 2020, upon request from customers.
  - Debtors may apply for shorter period ending 31 July 2020; in the case of consumer (retail) loans, debtors may apply for deferral of all installments (i.e. principal and interests); in the case of corporate loans, debtors may apply only for deferral of principal repayments (interest would be still paid during the deferral).
  - Interests are accrued during the period of deferral; however, the accrued interest for the period of delay must not be capitalised into the principal, i.e. the calculation and accrual of "interests on interests" is not carried out).
  - Even though there are not provided any more moratoriums based on above mentioned law, the Bank continues, on voluntary basis, to provide specific moratoriums.

- **Romania**:
  - The Emergency Governmental Ordinance 37/2020 requiring banks to provide moratorium to all customers passed on 30 March 2020, while its Application Norms passed on 6 April 2020; covered a maximum period of 9 months of payment postponement, but not later than 31 December 2020, upon request from customers.
  - Interest accruing during the moratorium for all loans except mortgage loans to private individuals shall be capitalised and its payment was spread over the duration of the loan. For private individuals mortgage loans, the interest deemed during the suspension period was treated as an individual claim, to be recovered in maximum 5 years after the suspension ends with no interest applied to it, having 100% guarantee from Ministry of Finance, while the principal was spread over the extended duration of the loan.
  - In addition, on 31 December 2020 the government issued an ordinance prolonging the moratoria until 31 March 2021, applicable starting from 1 January 2021. Such new moratoria were applicable for loans granted to individuals, SME and corporate before March 2020 which have or not have benefited from first moratoria tranche.
  - Maximum grace period allowed (for principal and interest) was 9 months (in case the debtor has benefited from previous moratoria also - legislative or non-legislative, a 9 months cumulated grace period from both moratoria programs is the maximum one).
  - For mortgage loans, the interest is to be covered by the State and payable into 5 years while for non individuals debtors it is requested a declaration for income lower with 25% for the last 3 months compared with the previous year period.

In accordance with ESMA's declaration[9] 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[10]. A modification loss is consequently recognised in item "140. Gains/Losses from contractual changes with no cancellations" of the "Consolidated income statement", 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.

With reference to the assessment of the Significant Increase in Credit risk (SICR) refer to the Notes to the consolidated accounts as at 31 December 2021, 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.

9 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.
10 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.

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Impacts on UniCredit group figures and ratios

The set of the measures above outlined generated either impacts on UniCredit group figures and ratios, from 2020 until now, or triggered certain decisions; the related description is reported under the specific sections of the present document, as summarised in the table below (unless the table itself already contains a direct explanation of the item):

MEASURE	IMPACTS FOR UNICREDIT GROUP	REFERENCE TO THE SECTION/TEMPLATE OF PRESENT DOCUMENT OR OTHER DISCLOSURE
ECB press release on dividends distribution and share buybacks *(issued on 27 March 2020)*	• FY 2019 distribution: On 20 March 2020, the UniCredit S.p.A. Board of Directors resolved to withdraw, without modifying the agenda of the Shareholders' Meeting convened on 9 April 2020: - the proposal related to the distribution of a dividend; consequently, as at 31 March 2020, the Common Equity Tier 1 Capital of UniCredit group, as well as UniCredit S.p.A.'s one, was increased for €1,404 million, not deducting anymore such amount; - the proposal related to the authorization of shares buy back and the subsequent cancellation; such withdrawal was neutral on 1Q2020 Common Equity Tier 1 Capital as, failing the necessary ECB authorization, no deduction was envisaged when calculation Own Funds as at 4Q2019.	
ECB Recommendation (ECB/2021/31) of 23 July 2021 repealing Recommendation ECB/2020/62 on dividend distributions during the Covid-19 pandemic not extend validity beyond September 2021	• FY 2020 distribution: On 10 February 2021, the UniCredit S.p.A. Board of Directors approved the update of the “Dividend Policy” for the remuneration to the Shareholders only related to FY 2020, in accordance with ECB's recommendations issued on 15 December 2020, that updates the communication of 28 July 2020. Such recommendation, titled “ECB asks banks to refrain from or limit dividends until September 2021”, required banks to limit dividends to the lower between (i) 15% of cumulated 2019-20 adjusted profits, and (ii) 20 basis points of CET1 ratio. For UniCredit, the lower value was represented by the 15% (“ECB cap”) of the cumulated stated net profits for the years 2019 and 2020, adjusted, as per ECB recommendation. In particular, in accordance with the ECB recommendation, the cumulated 2019-20 adjusted profit at consolidated level, on which the 15% payout ratio was applied, was calculated by adjusting the profit/loss result for the following items: (i) goodwill and intangible assets impairment, (ii) impairment of deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities, (iii) reclassifications from other comprehensive income into profit, and (iv) distribution related to AT1 instruments charged against equity. The amount resulting from such calculation was equal to a total amount of €447 million, of which: (i) 60% via cash dividends (equal to €268 million), and (ii) 40% via shares buy-back (equal to €179 million). The cash component was deducted from Own Funds as at fourth quarter 2020, while the shares buy-back component was deducted from Own Funds as at first quarter 2021, according to the ECB authorization. The recommendation ECB/2020/62 was repealed since 30 September 2021 through the ECB/2021/31 recommendation; indeed, the reduced economic uncertainty allowed the thorough supervisory assessment of the prudence of banks' plans to distribute dividends and conduct share buybacks on an individual basis with a careful forward-looking assessment of capital plans in the context of the normal supervisory cycle.	Own Funds

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MEASURE	IMPACTS FOR UNICREDIT GROUP	REFERENCE TO THE SECTION/TEMPLATE OF PRESENT DOCUMENT OR OTHER DISCLOSURE
	Consequently, as part of the "Second Share Buy-Back Programme 2021", UniCredit submitted to the ECB the authorization for the repurchase of own shares for €652 million; considering that the ECB granted its authorization during October 2021, such amount was fully deducted by the consolidated and individual UniCredit S.p.A. Own Funds as at 30 September 2021. • FY 2021 distribution: According to resolutions of the UniCredit S.p.A. Board of Directors on 27 January 2022, an amount of €1,174 million was deducted from the fourth quarter 2021 consolidated and individual UniCredit S.p.A. Own Funds. In line with the new MYP 2022-24 dividend policy, the Shareholders' remuneration for FY 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) 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 already mentioned, given that the recommendation ECB/2020/62 was repealed through the ECB/2021/31 recommendation, the accrual dividends related to the full year 2021 distribution was calculated without considering any restrictions.	
ECB recommended that institutions that had not already done so, to implement the transitional IFRS9 arrangements foreseen in the CRR *(issued on 20 March 2020)*	Starting from 1 January 2018, the IFRS9 accounting standard was adopted, envisaging a new framework for provisioning computation based on expected credit loss rather than on incurred loss. As at first-time adoption, UniCredit group decided not to apply the transitional arrangements for IFRS9. Then, being still in the position to benefit of the IFRS9 transitional arrangements stemming from the possibility allowed by the Regulation to reverse once during the transitional period the choice made at the inception, UniCredit group asked to the Competent Authority the approval to apply the transitional adjustment according to the revised framework introduced by the amended CRR2 both for the static component (i.e. first time adoption effects accounted as at 1 January 2018) and for the dynamic component (i.e. considering separately (i) the increase of LLP between 1 January 2018 and 1 January 2020 and (ii) the increase of LLP accounted after 1 January 2020). The Competent Authority granted the permission to fully apply the transitional arrangements set out in article 473a of CRR starting from 2Q 2020.	Own Funds - paragraph "Transitional arrangements related to the application of IFRS9"
ECB allowance to partially use capital instruments that do not qualify as Common Equity Tier 1 capital (e.g. Additional Tier 1 or Tier 2 instruments), to meet the Pillar 2 Requirements *(issued on 12 March 2020)*	Starting from 12 March 2020, for the purposes of own funds requirements, the Total SREP Capital requirements (TSCR) shall include: • the minimum own funds requirement of 8% to be always met in accordance with CRR article 92(1); • Pillar 2 additional own funds requirement, to be held in excess of the minimum own funds requirement and to be always met in accordance with article 16(2)(a) of Regulation (EU) 1024/2013; as a result of the anticipated application of the CRDV Directive article 104a, the Pillar 2 requirement can be satisfied also through Additional Tier 1 and Tier 2 instruments (i.e. at least 75% with Tier 1 Capital and at least 56.25% with Common Equity Tier 1 Capital).	Own Funds

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MEASURE	IMPACTS FOR UNICREDIT GROUP	REFERENCE TO THE SECTION/TEMPLATE OF PRESENT DOCUMENT OR OTHER DISCLOSURE
	Considering the above, with reference to the 4Q2021, UniCredit group shall respect - on a consolidated basis - an Overall Capital Requirement[11] (OCR) in terms of Total Capital of 13.30% (9.75% TSCR + 3.55% for the combined capital buffer requirement), of which 9.03% composed by CET1 according to the following components: • 4.50% as per Pillar 1 requirement; • 0.98% as per Pillar 2 requirement; • 3.55% for the Combined Buffer capital requirement[12].	
Reducing of some countercyclical capital buffer (CCyB) measures operated by the Authorities during the 2020.	• Denmark: from 1.00% (4Q19) to 0.00% (1Q20) • United Kingdom: from 1.00% (4Q19) to 0.00% (1Q20) • Iceland: from 1.75% (4Q19) to 0.00% (1Q20) • Norway: from 2.50% (4Q19) to 1.00% (1Q20) • Sweden: from 2.50% (4Q19) to 0.00% (1Q20) • Hong Kong: from 2.00% (4Q19) to 1.00% (1Q20) • France: from 0.25% (1Q20) to 0.00% (2Q20) • Ireland: from 1.00% (1Q20) to 0.00% (2Q20) • Lithuania: from 1.00% (1Q20) to 0.00% (2Q20) • Czech Republic: from 1.00% (2Q20) to 0.50% (3Q20) • Slovakia: from 1.50% (2Q20) to 1.00% (3Q20) During the 2020, some National Authorities have reviewed the countercyclical capital buffer rate applicable to the states. With reference to the fourth quarter 2021, the countercyclical rates are unchanged compared to the third quarter 2021.	Own Funds
Irrevocability of the credit lines granted in Italy *(Art.56 of the Law Decree 17/3 2020, No.18)*	According to the mentioned Italian Law Decree, revocable credit lines and credit advances could not be revoked by the banks for the period between 29 February and 30 September 2020 (the scope refers to the SMEs with exposures classified as performing). Under the regulatory perspective, the classification of such lines and credit advances was however kept unchanged, also given the temporality of such measures, and to avoid unintended consequences for liquidity and capital profiles of the Banks; indeed, although the Bank was comply with such Decree, the revocability/irrevocability was defined in the underlying contracts, which was not subject to amendments.	
ECB assumptions in calculating IFRS9 expected credit loss (ECL) for updating macroeconomic scenario *(issued on 1 April 2020, recalling IASB[13] communication issued on 27 March 2020)*	The statements issued by IASB and ECB were interpreted by UniCredit group in the sense of executing an update of the macroeconomic scenarios, especially considering: (I) the usage of data coming from institutions' macroeconomic research and reliable external sources; (II) the application of post-model overlays or adjustments when changes cannot be reflected in models. Thus, UniCredit group executed further deep-dive and analyses, including the update of macroeconomic forecasts by its internal Research Unit, published[14] in the quarterly "The UniCredit Economics Chartbook".	Press Release issued on 22 April 2020

11 Overall Capital Requirement = TSCR + Combined capital buffer requirement.
12 Countercyclical capital buffer requirement, which is part of the Combined Buffer capital requirement together with the Capital Conservation Buffer and the Global Systemically Important Institution buffer, shall be calculated on quarterly basis.
13 On 27 March 2020, IASB (Statement "IFRS9 and Covid-19") recommended to include in the forecast of future conditions both the specific effects of Covid-19 and the associated support measures. In particular, it clarified that changes in economic conditions should be reflected in macroeconomic scenarios and in their weightings, also through post-model overlays or adjustments when such changes cannot be reflected in models.
14 Ref. to the following link: https://www.research.unicredit.eu/DocsKey/economics_docs_2020_176448.ashx?EXT=pdf&KEY=C814QI31EjqIm_1zIJDBJFQWHqiVh6iWv-rRmfm0wlw=&T=1.

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

MEASURE	IMPACTS FOR UNICREDIT GROUP	REFERENCE TO THE SECTION/TEMPLATE OF PRESENT DOCUMENT OR OTHER DISCLOSURE
	As a result, UniCredit group decided to review, as at 31 March 2020, the macroeconomic scenario for all the regions. These macroeconomic scenarios was subsequently confirmed until the third quarter 2020. In the fourth quarter of 2020 the Group, consistently with its internal processes, has further updated the macroeconomic scenarios used for ECL IFRS9 calculation. In detail 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, an improved scenario ("positive scenario") with respect to baseline and a worsened scenario ("negative Scenario") with respect to baseline and applying proper weighting factors. 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 and differ from the baseline scenario in term of expectations about the macroeconomic effects arising from pandemic evolution, vaccines distribution and economic policies adopted by the government.	
	At 31 December 2021, according to the Group policies, which foresee a semi-annual update of the macroeconomic scenarios in June and December, such scenarios used for calculation of credit risk parameters were updated on the basis of: (i) a baseline scenario used for UniCredit Unlocked 2022 - 2024 strategic plan, approved by the Board of Directors in the meeting held on 8 December 2021, and (ii) an improved scenario ("positive scenario") with respect to baseline and a worsened scenario ("negative scenario") with respect to baseline, applying proper weighting factors. In this context it is worth mentioning that the 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 at 30 September in ca. €140 million of write-down; furthermore, under the same vein: • the Default Rate of Italian Small Business was adjusted to neutralize the effects arising from lowering interest rate, as done as at 30 June	Consolidated report on operations as at 31 December 2021 (Part A - Accounting policies, Section 2 - General preparation criteria; and Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, 2.3 Measurement method for expected losses)

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

MEASURE	IMPACTS FOR UNICREDIT GROUP	REFERENCE TO THE SECTION/TEMPLATE OF PRESENT DOCUMENT OR OTHER DISCLOSURE
	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 performed in 4Q2021 that has led to write-backs for €93 million. 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. It should be noted that on the basis of the above and considering the update in the macroeconomic scenario performed in June 2021 write backs for approximately €130 million have been recognised at UniCredit group level in 2021.	
ECB temporary relief for capital requirements for market risk *(issued on 16 April 2020)*	The ECB granted permission to exclude the overshootings evidenced by the back-testing on hypothetical or actual changes, having occurred in the time period from 1 March 2020 until 31 March 2020, from the calculation of the addend set out in article 366(3) of Regulation (EU) 575/2013. This decision was adopted pursuant article 550c of the "CRR quick-fix" approved in June 2020 and revokes previous relief measures on addend applied for 1Q2020 reporting. The effects of the relief measurements materialized in 2Q 2020 and ceased starting from 1Q 2021.	Templates EU OV1 and EU MR2-B of the Pillar III document as at 30 June 2020[15]
ECB revised the conditions for targeted longer-term refinancing operations (TLTRO III) *(measures issued on 12 March, 30 April and 10 December 2020)*	On 18 June 2020, UniCredit confirmed borrowing via the ECB's latest TLTRO III operation of €94.3 billion at Group level, in line with the maximum allowance, of which: • €51.3 billion by UniCredit S.p.A., • €25.7 billion by UniCredit Bank AG, • €15.4 billion by UniCredit Bank Austria AG, • €1.9 billion by CEE banks. The outstanding TLTRO II borrowings have been repaid by the end of June 2020. Moreover, on March 2021, the Group subscribed €12.7 billion of additional funding. During 2021 the Group early repaid €235.1 million.	
Regulation (EU) 2020/873 of 24 June 2020 (CRR "Quick fix") amending Regulations (EU) 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the Covid-19 pandemic	The regulatory treatments reported below, required by CRR2 and applied in accordance to the CRR "Quick Fix" which anticipated its entry into force starting from second quarter 2020 in response to the Covid-19 pandemic, from 30 June 2021 are part of the go live of the EU Regulation 2019/876 (CRR2): • application of the SME supporting factor; • application of the favourable prudential treatment of loans to pensioners or employees with a permanent contract; • application of a temporary treatment of all exposures to the central governments or central banks of Member States denominated and funded in the domestic currency of another Member State;	

15 The EU OV1 and EU MR2-B templates are published quarterly, therefore show the comparison with the amounts of the previous quarter; for this reason, the relief impact occurred during the first half of 2020, is represented in the templates of the Pillar III document as at 30 June 2020.

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MEASURE	IMPACTS FOR UNICREDIT GROUP	REFERENCE TO THE SECTION/TEMPLATE OF PRESENT DOCUMENT OR OTHER DISCLOSURE
	• application of transitional arrangements related to the application of IFRS9, arising from additional capital requirement in relation with the benefit on CET1 deriving from the lower LLPs, hence higher exposures value, determined in accordance with CRR article 111(1) and connected with the static component of the IFRS9 transitional adjustment on standard portfolio.	Owns Funds (paragraph "Transitional arrangements related to the application of IFRS9") Leverage
ECB temporary relief in banks' leverage ratio after declaring exceptional circumstances due to Covid-19 pandemic *(measures issued on 17 September 2020, 18 June 2021 and 10 February 2022)*	Starting from 4Q 2021, UniCredit group decided to opt out from the temporary exemption of Central Bank exposures (applied starting from 4Q 2020) that was granted according to per article 429(a)(1),(5),(6),(7) of Regulation (EU) 2019/876 and relevant amendment as per Regulation (EU) 2020/873. The decision to opt-out refers to the consolidated perimeter only, while the abovementioned temporary exemption keeps applying at the single Legal Entities level until the expiry of this measure (expected in March 2022).	Leverage

Comments on risk management

The economic recovery started to gain momentum considering the progress of vaccination campaigns started to come throughout 2021. Gradual lifting/lightening of the restriction measures favored 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 dependent 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.
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, proactive 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).
For further information on impact of Covid-19 pandemic outbreak impact on risks, refer to each type of risk section below.

Credit risk

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.

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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"[16] (issued by EBA in April 2020 and further updated in June, 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. 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. 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.

Liquidity risk
The slowdown in economic activity caused by lockdowns across Europe and the measures the Governments have taken to face the effects of the current health and economic emergency impacted the Group operations in the different countries of its perimeter. The business continuity management plans were activated 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.

Market risk
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.

Operational risks
Referring to operational risks, analyses were carried out 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 to promptly intercept potential process criticalities or inappropriate behaviours.

16 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.

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

References to ECB and EBA publications

- **12 March 2020:**
  - ECB: Monetary policy decisions;
  - ECB: Banking Supervision provides temporary capital and operational relief in reaction to coronavirus;
  - ECB: announces measures to support bank liquidity conditions and money market activity;
  - ECB: announces easing of conditions for targeted longer-term refinancing operations (TLTRO III);
  - EBA: Statement on actions to mitigate the impact of Covid-19 on the EU banking sector.

- **20 March 2020:**
  - ECB: Banking Supervision provides further flexibility to banks in reaction to coronavirus;
  - ECB: FAQs on ECB supervisory measures in reaction to the coronavirus.

- **25 March 2020:**
  - EBA: Statement on the application of the prudential framework regarding Default, Forbearance and IFRS9 in light of Covid-19 measures;
  - EBA: Statement on consumer and payment issues in light of Covid-19;
  - EBA: Postponed EBA activities.

- **27 March 2020:**
  - EBA: Press Release through which banks were asked not to pay dividends until at least October 2020, and also refraining from share buy-backs aimed at remunerating shareholders.

- **31 March 2020:**
  - EBA: clarification on measures to mitigate the impact of Covid-19 on the EU banking sector (Statement on supervisory reporting and Pillar 3 disclosures in light of Covid-19; Statement on dividends distribution, share buybacks and variable remuneration; Statement on actions to mitigate financial crime risks in the Covid-19 pandemic).

- **1 April 2020:**
  - ECB: IFRS9 in the context of the coronavirus (Covid-19) pandemic.

- **2 April 2020:**
  - EBA: Guidelines (EBA/GL/2020/02) on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis.

- **3 April 2020:**
  - BCBS: Measures to reflect the impact of Covid-19 (guidance on extraordinary measures to alleviate the financial and economic impact of Covid-19).

- **14 April 2020:**
  - ECB: support to the macroprudential policy actions taken in response to coronavirus outbreak.

- **16 April 2020:**
  - ECB: temporary relief for capital requirements for market risk.

- **22 April 2020:**
  - EBA: guidance on the use of flexibility in relation to Covid-19 and calls for heightened attention to risks.

- **30 April 2020:**
  - ECB: recalibration of the targeted lending operations to further support real economy.

- **18 June 2020:**
  - EBA: extension of the deadline for the application of Guidelines on payment moratoria to 30 September 2020.

- **26 June 2020:**
  - Publication in the Official Journal of the EU Regulation (CRR “quick fix”) making targeted amendments to the Capital Requirements Regulation (CRR) and the revised Capital Requirements Regulation (CRR2).

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- **28 July 2020:**
  - ECB: extension of the recommendation not to pay dividends until January 2021 and clarification on timeline to restore buffers.
- **17 September 2020:**
  - ECB: temporary relief in banks' leverage ratio after declaring exceptional circumstances due to Covid-19 pandemic.
- **21 September 2020:**
  - EBA: phases out of Guidelines on legislative and non-legislative loan repayments moratoria.
- **2 December 2020:**
  - EBA: reactivation of the Guidelines on legislative and non-legislative moratoria.
- **10 December 2020:**
  - ECB: extension until June 2022 of the period over which considerably more favourable terms will apply for targeted longer-term refinancing operations (TLTRO).
- **15 December 2020:**
  - ECB: request to banks to refrain from or limit dividends until September 2021.
- **18 June 2021**
  - ECB: extension of leverage ratio relief for banks until March 2022.
- **23 July 2021:**
  - ECB: decision of not to extend dividend recommendation beyond September 2021.
- **17 December 2021:**
  - ECB decision of not extend liquidity relief beyond December 2021 that allowed banks to operate below the liquidity coverage ratio (LCR).
- **17 January 2022:**
  - EBA: confirmation of the continued application of Covid-19 related reporting and disclosure requirements until further notice.
- **10 February 2022:**
  - ECB: decision of not extend capital relief (Pillar 2 Guidance and the capital conservation buffer) and leverage relief (exclusion of central bank exposures from leverage ratios) beyond December 2022 and beyond March 2022.

Scope of application

Name of the bank to which the disclosure requirements apply
UniCredit S.p.A., parent company of "UniCredit" banking group registered in the Register of Banking Groups.

Outline of the differences in the basis of consolidation for accounting and prudential purposes
In this section of the UniCredit group disclosure the prudential scope of consolidation of the UniCredit group is reported.
The scope of consolidation is determined according to the prudential regulations and differs from the scope of the Consolidated financial statements, determined under IAS/IFRS, with consequent differences between the financial data disclosed in this document and included in the Consolidated financial statements at the same date.

Such different treatments are disclosed in the lists of this section:
- Consolidated entities:
  - banking, financial and instrumental companies directly or indirectly controlled by UniCredit S.p.A. to which the line-by-line consolidation method is applied;
  - banking, financial and instrumental companies in which UniCredit S.p.A. holds, directly or indirectly, a 20% stake or more, when they are jointly controlled with other entities and/or according to agreements signed with them; to these subsidiaries the proportional consolidation method is applied;
  - other banking and financial companies in which UniCredit S.p.A. holds, directly or indirectly, a 20% stake or more or anyway subject to significant influence, to which the equity method is applied;
  - companies, other than banking, financial and instrumental companies, directly or indirectly controlled by UniCredit S.p.A., exclusively or jointly, or subject to significant influence, to which the equity method is applied.
- Entities subject to the treatment for Own funds pursuant to articles 46 and 48 of CRR:
  - companies of the financial sector in which a non-significant/significant shareholding is owned, subject to deduction from Own funds.

This disclosure, which refers to the consolidated data, does not include equity investments that individually hold a total balance sheet assets lower than €1,000:
- No.57 subsidiaries and joint ventures;
- No.5 associate companies;
- No.154 minority interests included in the “Financial assets mandatorily at fair value” or “Financial assets at fair value through other comprehensive income” portfolios.

It should be noted that in the Consolidated Financial Statements are enclosed within investments No.174 entities (No.130 as at 31 December 2020) controlled either directly or through consolidated subsidiaries accounted for at cost, of which:
- No.24 belonging to the banking group (No.15 as at 31 December 2020, refer to “Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation”);
- No.150 not belonging to the banking group (No.115 as at 31 December 2020).

As at 31 December 2021 No.48 controlled entities are not consolidated and not listed within investments item in Regulatory Balance sheet.

Furthermore, it should be noted that the increase of the companies held at cost is due to the alignment of the main quantitative limit for the full consolidation of subsidiaries, both for IAS/IFRS and regulatory purposes, with the provisions of article 19 paragraph 1 of (EU) Regulation 575/2013 relating to prudential requirements for credit institutions (CRR). For further details, refer to Notes to the consolidated account of the Consolidated financial statements as at 31 December 2021 - Part A - Accounting Policies; A.1 - General, Section 3 - Consolidation scope and methods, paragraph Changes in the scope of consolidation.

In the “Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation” to the present document are reported the following information:
- basis of consolidation for accounting and prudential purposes as at 31 December 2021;
- names of all subsidiaries not included in the basis of consolidation and aggregate amount of their capital deficiencies with respect to any mandatory capital requirements.

Scope of application

Application of disclosure requirements on a consolidated basis and on significant subsidiaries

In according to the Article 13 of the Regulation (EU) 575/2013 ("CRR") and subsequent amendments, UniCredit group, as "EU parent institutions", complies with the obligations laid down in Part Eight based on its consolidated situation.
Moreover, the large subsidiaries and those of material significance for their local market disclosing the information specified in Articles 437, 438, 440, 442, 450, 451, 451a and 453 (on individual or sub-consolidated basis), are the following:

- Disclosure on individual basis:
  - UniCredit Bank AG.

- Disclosure on sub-consolidated basis:
  - UniCredit Bank Austria AG;
  - UniCredit Banka Slovenija DD;
  - Zagrebačka Banka DD;
  - UniCredit Bulbank AD;
  - UniCredit Bank Czech Republic and Slovakia, a.s.;
  - UniCredit Bank Hungary Zrt;
  - UniCredit Bank SA (Romania).

Substantial or legal impediments, current or foreseeable, that hinder the rapid transfer of capital resources or funds within the Group

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 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 to distribute capital or dividends of the banks and of the other regulated entities controlled 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 (for details refer to Own Funds chapter, "Consolidated profit/loss eligible for Own Funds purposes" paragraph).
  Finally, also in consideration of recommendations received from the local supervisory authorities in the context of the measures to address the Covid-19 crisis, some subsidiaries of the UniCredit group, during the 2021, have suspended or reduced the distribution of dividends.

- The capital ratios requested for 2022 to UniCredit group by European Central Bank (ECB), also because of the Supervisory Review and Evaluation Process (SREP) performed in 2021, are higher than the minimum requirements set by the mentioned regulations. For the disclosure on 2021 UniCredit group Capital Requirements and on the outcome of the 2020 SREP, please refer to the "Own Funds" chapter.
  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 because of SREP performed at local level.

Scope of application

- 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 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.

- 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 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.

Scope of application

Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

(€ million)

		a	b	c	d	e	f	g
				CARRYING VALUES OF ITEMS (**)				
		CARRYING VALUES AS REPORTED IN PUBLISHED FINANCIAL STATEMENTS (*)	CARRYING VALUES UNDER SCOPE OF PRUDENTIAL CONSOLIDATION (*)	SUBJECT TO THE CREDIT RISK FRAMEWORK	SUBJECT TO THE CCR FRAMEWORK	SUBJECT TO THE SECURITISATION FRAMEWORK	SUBJECT TO THE MARKET RISK FRAMEWORK (***)	NOT SUBJECT TO OWN FUNDS REQUIREMENTS OR SUBJECT TO DEDUCTION FROM OWN FUNDS (****)
	Breakdown by asset clases according to the balance sheet in the published financial statements							
1	Cash and cash balances	107,407	107,404	107,404	-	-	-	-
2	Financial assets at fair value through profit or loss:	92,239	92,235	10,079	45,874	2,007	80,045	103
3	*a) Financial assets held for trading*	*80,109*	*80,109*	*-*	*45,619*	*64*	*80,045*	*-*
4	*a.1) Reverse Repos*	*2,188*	*2,188*	*-*	*2,188*	*-*	*2,188*	*-*
5	*a.2) Derivatives instruments*	*40,822*	*40,822*	*-*	*40,790*	*32*	*40,790*	*-*
6	*b) Financial assets designated at fair value*	*279*	*279*	*279*	*80*	*-*	*-*	*-*
7	*c) Other financial assets mandatorily at fair value*	*11,851*	*11,847*	*9,800*	*175*	*1,943*	*-*	*103*
8	Financial assets at fair value through other comprehensive income	68,564	68,489	66,940	15,284	1,548	-	-
9	Financial assets at amortised cost:	593,617	594,082	543,842	49,726	14,979	-	802
10	*a) Loans and advances to banks*	*91,403*	*91,403*	*74,423*	*16,221*	*-*	*-*	*758*
11	*a.1) Reverse Repos*	*16,221*	*16,221*	*-*	*16,221*	*-*	*-*	*-*
12	*b) Loans and advances to customers*	*502,215*	*502,680*	*469,419*	*18,239*	*14,979*	*-*	*44*
13	*b.1) Reverse Repos*	*18,239*	*18,239*	*-*	*18,239*	*-*	*-*	*-*
14	Hedging derivatives	3,065	3,065	-	3,065	-	-	-
15	Changes in fair value of portfolio hedged items (+/-)	1,511	1,511	-	-	-	-	1,511
16	Equity investments	4,073	4,461	4,267	-	-	-	194
17	Insurance reserves charged to reinsurers	-	-	-	-	-	-	-
18	Property, plant and equipment	8,911	8,153	8,153	-	-	-	-
19	Intangible assets	2,213	2,212	796	-	-	-	1,383
20	*of which: goodwill*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
21	Tax assets:	13,551	13,549	11,302	-	-	-	2,137
22	*a) current*	*1,954*	*1,953*	*1,953*	*-*	*-*	*-*	*-*
23	*b) deferred*	*11,598*	*11,597*	*9,349*	*-*	*-*	*-*	*2,137*
24	Non-current assets and disposal groups classified as held for sale	14,287	14,167	14,143	-	22	-	1
25	Other assets	7,234	7,507	7,445	-	-	-	61
26	**Total assets**	**916,671**	**916,834**	**774,371**	**113,950**	**18,557**	**80,045**	**6,193**
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Financial liabilities at amortised cost:	761,023	761,179	-	38,641	-	-	722,538
2	*a) Deposits from banks*	*162,571*	*162,513*	*-*	*14,897*	*-*	*-*	*147,616*
3	*a.1) Repos*	*14,897*	*14,897*	*-*	*14,897*	*-*	*-*	*-*
4	*b) Deposits from customers*	*502,554*	*502,767*	*-*	*23,743*	*-*	*-*	*479,024*
5	*b.1) Repos*	*23,743*	*23,743*	*-*	*23,743*	*-*	*-*	*-*
6	*c) Debt securities in issue*	*95,898*	*95,898*	*-*	*-*	*-*	*-*	*95,898*
7	Financial liabilities held for trading	51,608	51,608	-	39,345	-	51,608	-
8	*a) Derivatives instruments*	*37,109*	*37,109*	*-*	*37,109*	*-*	*37,109*	*-*
9	*b) Repos*	*2,236*	*2,236*	*-*	*2,236*	*-*	*2,236*	*-*
10	Financial liabilities designated at fair value	9,556	9,556	-	-	-	-	9,556
11	Hedging derivatives	4,303	4,303	-	4,303	-	-	-
12	Value adjustment of hedged financial liabilities (+/-)	963	963	-	-	-	-	963
13	Tax liabilities:	1,216	1,176	1,008	-	-	-	845
14	*a) current*	*627*	*625*	*-*	*-*	*-*	*-*	*625*
15	*b) deferred*	*588*	*550*	*1,008*	*-*	*-*	*-*	*220*
16	Liabilities associated with assets classified as held for sale	2,149	2,052	-	-	-	-	2,052
17	Other liabilities	13,300	13,467	-	-	-	-	13,467
18	Provision for employee severance pay	516	516	-	-	-	-	516
19	Provisions for risks and charges	9,944	9,882	-	-	-	-	9,882
20	**Total liabilities**	**854,578**	**854,701**	**1,008**	**82,288**	**-**	**51,608**	**759,819**

Scope of application

Notes:

(*)

The differences between the amounts under the columns a) and b) substantially depend on the composition of IAS/IFRS versus regulatory perimeters (ref. Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation).
Shareholder's equity items are not reported among the balance sheet liabilities of this template as they are already disclosed in template EU CC2 - Reconciliation of regulatory Own Funds to balance sheet in the audited financial statements, under the chapter Own Funds of the present document.

(**)

The allocation of the amount in column b) across columns from c) to g) is based on the following approach:

- for balance sheet assets' items such amount depends on the risk categories, they may be subject to, including also those items which do not involve capital requirement;
- for balance sheet liabilities' items such amount includes the amount of liabilities relevant for the calculation of risk-weighted assets or for offsetting balance sheet assets' items.

The sum of amounts disclosed in columns from c) to g) may be different than the total amount in column b) for the following reasons:

- some items may be subject to capital requirements for more than one risk under the regulatory framework (e.g. derivative instruments and reverse repos classified in item "Financial assets held for trading");
- with reference to tax assets and liabilities the amounts disclosed in columns c) and g), include the effects arising from IFRS9 transitional adjustments and are calculated net of deferred tax liabilities according to CRR netting rules, which are different from the accounting netting rules reflected into the carrying values under column b).

(***)

The amount disclosed in column f) does not correspond to the amount under column "VaR perimeter" of the template "Link between market risk metrics and Balance Sheet items" under the chapter Market risk of the present document, as carrying values reported in such template are referred to the accounting (IFRS) perimeter.

(****)

The amount of Total Assets disclosed under the column g) equal to €6,193 million includes:

- the "Changes in fair value of portfolio hedged items" equal to €1,511 million not subject to capital requirements;
- for items under the balance sheet assets side, the ones subject to deduction from Own Funds for a total amount of €4,682 million, that is different than the sum of items 8, 10, 15, EU-20a, 22, 55, of template EU CC1 - Composition of regulatory Own Funds, under the chapter Own Funds of the present document, for an amount equal to €351 million mainly due to the positive effect arising from the IFRS9 transitional adjustment related to the item 10 and item 22, reported in item 27a - "Other regulatory adjustments";
- for item "Tax Assets" equal to €2,137 million, the positive effect arising from IFRS9 Transitional adjustment mainly related to the sterilization (equal to €342 million) of the amount exceeding 17.65% CET1 threshold related to the exclusion of the deferred tax assets that rely on future profitability and arise from temporary differences after the regulatory netting generated by the application of the IFRS9 accounting principle. The amount differs from the sum of items 10 and 22 of template EU CC1 - Composition of regulatory Own Funds, for an amount equal to €357 million related to the positive effect arising from the IFRS9 transitional adjustment and reported in item 27a - "Other regulatory adjustments";
- for item "Intangible assets" equal to €1,383 million, the deduction for software assets in line with article 36 (1) (b) of CRR and it's represented net of deferred tax liabilities (equal to €59 million) for reducing the amount of deduction;
- for items under the balance sheet liabilities side, (i) the liabilities which are not included in the regulatory framework for risk-weighted exposures (for a total amount equal to €759,599 million), (ii) the amount of deferred tax liabilities (equal to €220 million) which includes the effects arising from IFRS9 transitional adjustments that are used for reducing the amount deferred tax assets which rely on future profitability and do not arise from temporary differences which are subject to deduction from Own Funds.

Scope of application

Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

(€ million)

		a	b	c	d	e
			ITEMS SUBJECT TO			
		TOTAL (*)	CREDIT RISK FRAMEWORK	SECURITISATION FRAMEWORK	CCR FRAMEWORK	MARKET RISK FRAMEWORK
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1) (**)**	**906,878**	**774,371**	**18,557**	**113,950**	**80,045**
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1) (***)**	**83,296**	**1,008**	**-**	**82,288**	**51,608**
3	**Total net amount under the scope of prudential consolidation (****)**	**906,878**	**774,371**	**18,557**	**113,950**	**80,045**
4	**Off-balance-sheet amounts**	**349,332**	**349,332**	**-**	**-**	
5	*Differences in valuations*	*(246)*	*(246)*	-	-	
6	*Differences due to different netting rules, other than those already included in row 2 (A)*	*(62,100)*	-	-	*(62,100)*	
7	*Differences due to consideration of provisions (B)*	*11,171*	*11,171*	-	-	
8	*Differences due to the use of credit risk mitigation techniques (CRMs) (C)*	*(3,221)*	*(3,221)*	-	-	
9	*Differences due to credit conversion factors*	*(243,663)*	*(243,663)*	-	-	
10	*Differences due to Securitisation with risk transfer (D)*	*2,275*	-	*2,275*	-	
11	*Other differences (E)*	*(45,892)*	*(45,138)*	*(754)*	-	
12	**Exposure amounts considered for regulatory purposes (*****)**	**914,533**	**842,606**	**20,077**	**51,850**	**700**

EU LIA - Explanations of differences between accounting and regulatory exposure amounts (notes referred to the template above)
This template provides the reconciliation between (i) the carrying value amount under the scope of regulatory consolidation (as reported in template EU LI1), and (ii) the exposure amount considered for regulatory purposes (i.e. EAD) for the exposures subject to credit risk, securitisation framework, CCR and market risk.

(*)
With reference to the column a), the amounts correspond to the carrying value under the regulatory scope of consolidation calculated as sum of column from b) to d) of this template, while amount reported in column e) related to carrying values subject to the market risk framework is not included.

(**)
With reference to the row 1, the amounts disclosed in columns from b) to e) correspond to the carrying value under the scope of regulatory consolidation of the balance sheet assets, as reported in columns from c) to f) of template EU LI1 in the present section.

(***)
With reference to the row 2, the amounts disclosed under the columns from b) to e) correspond to the carrying value under the scope of regulatory consolidation of the balance sheet liabilities reported respectively under the columns from c) to f) of template EU LI1 in the present section.

(****)
The amount disclosed in row 3 coincides with the row 1 since any applicable on-balance sheet netting of assets and liabilities are already reflected in the amounts reported in row 1.

(*****)
The amount disclosed in row 12, column e) refers only to the “Positions subject to capital charge” for market risk position under the Standardized Approach. It is worth mentioning that it does not include the exposures subject to market risk under Internal Model for which EAD is not strictly applicable.

Scope of application

A.
The negative change related to the row "**Differences due to different netting rules, other than those already included in row 2**" mainly refers to the following effects recognized in the calculation of the exposure amount for Derivatives and SFTs considered for regulatory purposes (i.e. EAD) according to CRR:
- recognition of master netting agreements;
- offsetting with collateral on OTC derivatives;
- inclusion of derivatives with negative fair value booked among balance sheet liabilities in the perimeter for counterparty risk;
- recognition of collateral under the financial collateral comprehensive method for SFT;
- use of EEPE models and SA-CCR approach for EAD calculation.

B.
The positive change related to the row "**Differences due to consideration of provisions**" refers to the recognition of credit risk adjustments (i.e. LLP) in the calculation of EAD for exposures under IRB methods.

C.
The negative change related to the row "**Differences due to the use of credit risk mitigation techniques (CRMs)"** refers to the recognition Credit risk mitigation techniques affecting the exposure amount.

D.
The positive change related to the row "**Differences due to Securitisation with risk transfer**" mainly refers to:
- securitisation positions where Group acts as a sponsor:
  Adopting the line-by-line consolidation method, the following items are recognised in the consolidated accounts:
  - assets held by consolidated vehicles in place of the loans provided to them or the liabilities subscribed by Group companies, now eliminated on consolidation;
  - loans to purchase companies for non-consolidated subordinated vehicles.

  With respect to non-consolidated Purchase companies, the Consolidated financial statements, while not including the assets recorded in their books, show the maximum amount of the risk borne by the Group which, with respect to purchase companies wholly financed by the consolidated conduits, corresponds to the value of the assets of these purchase companies.
  At regulatory point of view the risk is measured on liquidity facility provided to each purchase companies within the ABCP Conduit Program (for more details please refer to the chapter "Securitisation Exposures" of the present document);
- credit risk mitigation techniques affecting the exposure amount.

E.
The negative change related to the row "**Other differencies**" mainly refers to differences related to the credit risk framework and securitization framework:
- cash collateral posted for OTC derivatives with negative fair value subject to master netting agreement, which amount is recognized in the EAD calculation for counterparty risk (ref. note A);
- assets posted as collateral to a CCP that are bankruptcy remote in the event that the CCP becomes insolvent (Segregated initial margin), which exposure value is zero according to CRR article 306;
- EAD related to "Default Fund" and "Other non credit risk obligation" not required for regulatory purposes;
- Unsettled "Reverse Repurchase transactions".

Scope of application

Template EU PV1 - Prudent valuation adjustments (PVA)

(€ million)

		a	b	c	d	e	EU e1	EU e2	f	g	h
		RISK CATEGORY					CATEGORY LEVEL AVA - VALUATION UNCERTAINTY		TOTAL CATEGORY LEVEL POST-DIVERSIFICATION		
CATEGORY LEVEL AVA		EQUITY	INTEREST RATES	FOREIGN EXCHANGE	CREDIT	COMMODITIES	UNEARNED CREDIT SPREADS AVA	INVESTMENT AND FUNDING COSTS AVA		OF WHICH: TOTAL CORE APPROACH IN THE TRADING BOOK	OF WHICH: TOTAL CORE APPROACH IN THE BANKING BOOK
1	Market price uncertainty	84	34	1	16	0	3	2	70	37	32
2	Set not applicable in the EU										
3	Close-out cost	50	26	5	19	0	13	16	65	53	12
4	Concentrated positions	45	0	-	4	-			50	0	50
5	Early termination	-	-	-	-	-			-	-	-
6	Model risk	21	3	-	11	15	23	5	39	25	14
7	Operational risk	-	-	-	-	-			-	-	-
8	Set not applicable in the EU										
9	Set not applicable in the EU										
10	Future administrative costs	4	16	0	2	0			22	21	0
11	Set not applicable in the EU										
12	**Total Additional Valuation Adjustments (AVAs) as at 12.31.2021**								**246**	**137**	**109**

Own Funds

Starting from 1 January 2014, the calculation of capital requirements takes into account the regulatory framework known as "Basel 3", adopted as a result of the Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - "CRR"), updated in the Regulation (EU) 876/2019 ("CRR2") and subsequently amended in the Regulation (EU) 873/2020, and in the Directive (EU) 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive IV - "CRDIV"), also according to their adoption by Italian Laws.
Such regulation foresees the following breakdown of Own Funds:
- Tier 1 Capital (T1), made by:
  - Common Equity Tier 1 Capital (CET1) and
  - Additional Tier 1 Capital (AT1);
- Tier 2 Capital (T2);
- The sum of Tier 1 Capital and Tier 2 Capital generates the Total Own Funds (Total Capital).

It is worth mentioning that in the update to the Regulation (EU) 575/2013 transposed in the Regulation (EU) 876/2019 (CRR2), the main impacts on Group Own Funds calculation, applicable starting from 30 June 2019, derive from the modification to the computability rules of the Additional Tier 1 and Tier 2 instruments. In particular, considering the new conditions provisioned by the CRR2 articles 52 and 63, an additional grandfathering framework has been introduced to the instruments issued before 27 June 2019 and valid till 28 June 2025 for those instruments that do not comply with the new computability conditions presented (ref. CRR2 article 494b): such grandfathering framework is in addition to the one provisioned by CRR articles 484 - 491.

Capital requirements[17] and buffers for UniCredit group

The minimum capital requirements applicable to the Group as of 31 December 2021 in coherence with CRR article 92 are the following (Pillar 1):
- CET1: **4.50%**
- T1: **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[18];
- **0.05%**, as Countercyclical Capital buffer[19] (CCyB) according to the CRDIV article 130, to be calculated on a quarterly basis.

Moreover, the article 104a.4 of CRDV 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). As consequence, in line with Pillar 2 Requirements, required in coherence with SREP results and equal to 1.75%, UniCredit group shall meet:
- at least the 0.98% of such requirement through Common Equity Tier 1 Capital in the assumption, verified for the fourth quarter of 2021, that the amount of AT1 Capital exceeds the regulatory minimum of 1.50% (i.e. being 2.13%);
- at least the 1.31% of such requirement through Tier 1 capital in the assumption, verified for the fourth quarter of 2021, that the amount of T2 Capital exceeds the regulatory minimum of 2.00% (i.e. being 2.20%).

Therefore, as at 31 December 2021, the Group shall meet the following overall capital requirements:
- CET1: **9.03%**
- T1: **10.86%**
- Total Capital: **13.30%**

17 CET1 Systemic risk buffer (aimed at preventing and mitigating long-term, non-cyclical, systemic or macro-prudential risks that are not provided for by the CRR) is not applicable as at 31 December 2021 in Italy.
18 It should be noted that UniCredit group was identified by the Banca d'Italia as an O-SII authorised 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.
19 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%); Luxemburg (0.50%); Bulgaria (0,50%) (II) with reference to the exposures towards Italian counterparties, Banca d'Italia has set the rate equal to 0%.

Own Funds

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.

2021 Capital requirements and buffers for UniCredit group

REQUIREMENT	CET1	T1	TOTAL CAPITAL
A) Pillar 1 requirements	**4.50%**	**6.00%**	**8.00%**
B) Pillar 2 requirements	**0.98%**	**1.31%**	**1.75%**
C) TSCR (A+B)	**5.48%**	**7.31%**	**9.75%**
D) Combined capital buffer requirement:	**3.55%**	**3.55%**	**3.55%**
of which: *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%*
E) OCR (C+D)	**9.03%**	**10.86%**	**13.30%**

The following table shows **UniCredit group transitional[20] capital ratios as at 31 December 2021** compared with previous periods.

UniCredit group transitional capital ratios as at 31 December 2021

UNICREDIT GROUP TRANSITIONAL CAPITAL RATIOS	4Q21			3Q21	2Q21	1Q21	4Q20
	RATIOS	*DELTA Q/Q*	*DELTA Y/Y*				
CET1 Capital ratio	15.82%	*-0.32%*	*-0.14%*	16.14%	16.11%	16.54%	15.96%
Tier 1 Capital ratio	17.94%	*-0.28%*	*-0.27%*	18.23%	17.97%	18.80%	18.22%
Total Capital ratio	**20.14%**	***-0.46%***	***-0.58%***	**20.60%**	**20.57%**	**21.60%**	**20.72%**

Transitional capital ratios of UniCredit S.p.A.

The following table shows the transitional[21] capital ratios of UniCredit S.p.A. as at 31 December 2021 compared with previous periods.

Transitional capital ratios of UniCredit S.p.A.

UNICREDIT SPA - TRANSITIONAL CAPITAL RATIOS	4Q21			3Q21	2Q21	1Q21	4Q20
	RATIOS	*DELTA Q/Q*	*DELTA Y/Y*				
CET1 Capital ratio	25.76%	*3.43%*	*3.26%*	22.33%	22.68%	23.66%	22.50%
Tier 1 Capital ratio	29.34%	*3.36%*	*2.96%*	25.98%	25.93%	27.66%	26.37%
Total Capital ratio	**33.18%**	***3.28%***	***2.50%***	**29.90%**	**30.27%**	**32.30%**	**30.68%**

Consolidated profit/loss eligible for Own Funds purposes[22]

The consolidated net profit as at 31 December 2021, equal to €1,540 million, is recognised in the Own Funds for €366 million, as resulting after the approval, by the Board of Directors, of a cash dividend for €1,170 million and the distribution to social and charity initiatives for €4 million.
On overall terms, Shareholders' remuneration consists in a total amount of €3,750 million, of which: (i) cash dividend for €1,170 million (equal to approx. 30% of the Underlying Group Net Profit); (ii) Share Buy Backs for €2,580 million (not deducted from Own Funds as of 31 December 2021, being subject to the ECB authorization).

20 The transitional adjustments as at 31 December 2021 are (i) grandfathering of Additional Tier 1 and Tier 2 instruments and (ii) IFRS9 transitional arrangements starting from 30 June 2020.
21 The transitional adjustments as at 31 December 2021 refer to the grandfathering of Additional Tier 1 and Tier 2 instruments.
22 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. Its validity was repealed since 30 September 2021 through the ECB/2021/31 recommendation issued on 23 July 2021; therefore, considering that the full year 2021 distribution will occur after 30 September 2021, the limits to the distribution established by the recommendation ECB/2020/62 are not considered for the accrual of the potential dividends on the 2021 results.

Own Funds

Transitional consolidated Own Funds

Regarding the transitional adjustments as at 31 December 2021, these are:

- grandfathering of Additional Tier 1 and Tier 2 instruments: the transitional adjustment applicable is 10% of the phase-out limit for the Additional Tier 1 and Tier 2 capital instruments subject to grandfathering in coherence with CRR article 486 (20% for 2020). In addition, the new grandfathering framework is applicable (till 2025) according to the CRR2 article 494 b, applicable to the Additional T1 and T2 instruments issued before 27 June 2019 that do not comply with the CRR2 articles 52 and 63;
- IFRS9 transitional arrangements: starting from June 2020, UniCredit group has received from the competent Authority the approval to apply the transitional arrangements on IFRS9 as per CRR article 473a. The methodological approach is reported in the paragraph below.

Transitional arrangements related to the application of IFRS9

Starting from 1 January 2018, the IFRS9 accounting standard entered into force, envisaging a new framework for provisioning computation based on expected credit losses rather than on incurred losses. As of first-time adoption date, UniCredit group decided not to apply for the transitional arrangements provisioned in CRR for IFRS9.

Being UniCredit group still in the position to benefit of the IFRS9 transitional arrangements from the possibility allowed by the Regulation to reverse once during the transitional period the choice made at the inception, and also in light of the ECB Recommendation issued on 20 March 2020 for institutions that had not already implemented the transitional IFRS9 arrangements, UniCredit group asked to the Competent Authority the approval to apply the transitional adjustment according to the revised framework introduced by the amended CRR2 both for the static component (i.e. first time adoption effects accounted as of 1 January 2018) and for the dynamic component (i.e. considering separately (i) the increase of LLP between 1 January 2020 and 1 January 2018 and (ii) the increase of LLP accounted after 1 January 2020). The Competent Authority granted the permission to fully apply the transitional arrangements set out in article 473a of CRR starting from the second quarter 2020.

From a methodological standpoint, it is worth mentioning that the IFRS9 transitional adjustment represents a “one-off” positive adjustment to be recognised in the calculation of CET1 capital, which does not originate indirect impacts on the calculation of other CET1 elements apart from the amount of DTA arising from temporary difference to be deducted. In this respect, considering article 473a (7) of the amended CRR2, the portion of DTA arising from temporary differences which is related to the transitional amount added back to CET1 shall be excluded from the amount of DTA to be deducted from CET1 following the regulatory netting.

Specifically, with reference to each component of the adjustment, it is worth mentioning the following interpretations of the regulation:

- the static component of the adjustment to be considered (ref. to elements A2,SA and A2,IRB in Art.473a) is the entire amount of LLPs, both referred to performing and impaired assets, considering separately Standard (STD) and IRB exposures, booked in IFRS9 First Time Adoption. According to article 473a of the amended CRR2, the transitional adjustment corresponding to the static component is calculated by applying the following percentage factors: 70% for 2020, 50% for 2021, 25% for 2022, 0% starting from 2023;
- the dynamic component of the adjustment includes only LLPs referred to performing assets (i.e. sum of LLPs under IFRS9 Stage1 and Stage2) according to article 473a (3). Furthermore, the dynamic component is composed of the following two elements:
  - **element 1**: the increase of LLP between 1 January 2020 and 1 January 2018; in case of IRB exposures the amount of LLPs is reduced by the regulatory expected losses (EL) at both dates. Such element 1 is subject to the following transitional percentages (i.e. the same applied to the static component): 70% for 2020, 50% for 2021, 25% for 2022, 0% starting from 2023;
  - **element 2**: the increase of LLP accounted after 1 January 2020. In case of IRB exposures, the amount of LLPs is reduced by the regulatory expected losses (EL) at both 1 January 2020 and subsequent reference dates. Such element 2 is subject to the following transitional percentages: 100% for 2020 and 2021, 75% for 2022, 50% for 2023, 25% for 2024, 0% starting from 2025;
- lastly, according to 473a (7) of the amended CRR2, the transitional adjustment applied to CET1 and related to STD exposures (i.e. ABSA) has to be reflected in RWEA when calculating the transitional RWEA, in order to consider the increase in the exposure value determined in accordance with CRR article 111(1) due to the minor amount of LLPs reducing CET1.

As of fourth quarter 2021, the transitional IFRS9 adjustment generates adjustments: (i) positive on CET1 capital for approximately €2.6 billion (80 basis points); (ii) negative on T2 capital for approx. -€1 billion (stemming from the updated amount of the excess of LLP on IRB portfolio computable in T2 capital).

Own Funds

Prudential framework for software assets treatment

As part of the Risk Reduction Measures package, article 36(1)(b) of the CRR has been amended, introducing an exemption from the deduction of software assets from CET1 capital, primarily aimed to encourage investments in software in the context of the evolution of the banking sector in a more digital environment. Given also measures taken to address Covid-19 crisis, this Regulation has been in force since the day after the publication on the EU Official Journal, occurred on 22 December 2020, and hence applicable from fourth quarter 2020.
Specifically, with reference to each component to be calculated in order to apply the new prudential framework, it is worth mentioning the following interpretations of the Regulation:

- the prudential amortisation has to be calculated at single software asset level, taking into account the following features:
  - duration: differently from the accounting one, where the amortisation period of intangible assets shall only reflect their useful life, the prudential amortisation period should be the minimum between the useful life and 3 years for each asset;
  - starting date: the prudential and the accounting amortisation should start at the same time, that is when the software asset should be available for use;
- the amount to be deducted from CET1 has to be calculated by subtracting from the accumulated prudential amortisation, the accumulated accounting amortisation;
- the amount to be risk-weighted at 100% has to be calculated by subtracting from the net carrying amount of the asset, the deduction made on the CET1 capital;
- in case the amortisation of the asset is not started yet (hence the software is still under construction), the deduction shall be equal to the total carrying amount at the reference date, and the amount to be risk-weighted at 100% shall be zero.

As at 31 December 2021, a higher deduction on CET1 capital for €47 million (total deduction €1,440 million) vs 3Q2021 (total deduction €1,393) was recognised.

Countercyclical Capital buffer (CCyB), as a result of the measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities

According to the CRDIV article 130, the Countercyclical Capital buffer (CCyB) shall be calculated on a quarterly basis. With reference to the fourth quarter 2021, the countercyclical rates were unchanged vs third quarter 2021; as well, as of the same date, UniCredit group countercyclical capital reserve is equal to 0.05%, in line with third quarter 2021.

Deductions connected to investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences

With reference to 31 December 2021, UniCredit exceeds the thresholds related to significant investments in CET1 instruments issued by financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences, generating a capital deduction from Common Equity Tier 1 Capital of €577 million. In particular, 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 in financial sector entities in which UniCredit has a significant investment exceeds the threshold of 17.65% of the residual amount of Common Equity Tier 1 items after applying the adjustments and deductions in CRR articles 32 to 36 in full.
It is worth mentioning that the amount above mentioned does not consider the effects related to the transitional adjustments referred to IFRS9.

Atlante Fund and Italian Recovery Fund (ex Atlante Fund II)

As at 31 December 2021, the investment held by UniCredit in the quotes of Atlante Fund and Italian Recovery Fund (ex Atlante Fund II), for approximately €327 million, is primarily referred to investments in securitisation notes related to non-performing loans: the regulatory treatment of the Fund's quotes recognised in the UniCredit balance sheet foresees the calculation of RWEA on the basis of each underlying assets of CIUs, in accordance with CRR article 152(2) and (4b).
With reference to the residual commitments, for €9 million, the regulatory treatment foresees the application of a credit conversion factor equal to 100% ("full risk" according to the Annex I of the CRR) and for the calculation of the related risk-weighted exposures, it is applied the CRR article 152(9).

Financial conglomerate

As at 31 December 2021 reporting date, the UniCredit group is allowed to not be subject to the supplementary supervision, although it is recognised as a financial conglomerate by the Joint Committee (ref. communication JC 2021 95).

Own Funds

1. Common Equity Tier 1 Capital - CET1

Common Equity Tier 1 Capital mainly includes the following elements:

- Main Common Equity Tier 1 Capital items, recognised as Common Equity Tier 1 only where they are available to the institution for unrestricted and immediate use to cover risks or losses as soon as these occur: (I) capital instruments, provided the conditions laid down in CRR article 28 or, where applicable, article 29 are met; (II) share premium accounts related to the instruments referred to in point (I); (III) retained earnings; (IV) accumulated other comprehensive income; (V) other reserves; Common Equity Tier 1 Capital items also include minority interests for the computable amount recognised by the CRR;
- Prudential filters of Common Equity Tier 1 Capital: (I) filter related to increase in equity under the applicable accounting framework that results from securitised assets; (II) filter related to the fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value; (III) filter related to gains or losses on liabilities of the institution that are valued at fair value that result from changes in the own credit standing of the institution; (IV) filter related to all fair value gains and losses arising from the institution's own credit risk related to derivative liabilities; (V) filter related to additional value adjustments (prudent valuation);
- Deductions from Common Equity Tier 1 items: (I) intangible assets; (II) deferred tax assets (DTA) that rely on future profitability and do not arise from temporary differences; (III) negative amounts resulting from the calculation of expected loss amounts when compared with credit risk adjustments (shortfall) for those positions evaluated according to IRB methods; (IV) defined benefit pension fund assets on the balance sheet of the institution; (V) direct, indirect and synthetic holdings by an institution of own Common Equity Tier 1 instruments, including own Common Equity Tier 1 instruments that an institution is to purchase under an actual or contingent obligation by virtue of an existing contractual obligation; (VI) exposures deducted from CET1 as an alternative to the application of 1,250% risk weight; (VII) the applicable amount of direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation); (VIII) deferred tax assets (DTA) that rely on future profitability and arise from temporary differences, and the applicable amount of direct, indirect and synthetic holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation); (IX) the applicable amount of insufficient coverage for non-performing exposures.

As at 31 December 2021, CET1 Capital includes ordinary shares issued by UniCredit S.p.A., equal to €20,515 million; among the other elements, such item does not include €609 million related to the ordinary shares underlying the Usufruct contract (Cashes) which are reclassified, as resulting from the phase-out according to CRR1 grandfathering rules, under Additional Tier 1 Capital for €258 million and under Tier 2 capital for €351 million.

2. Additional Tier 1 Capital - AT1

The AT1 positive elements are represented by the following items: (I) capital instruments, where the conditions laid down in CRR2 article 52 are met; (II) the share premium accounts related to the instruments referred to in point (I); (III) capital instruments for the amount computable in Own funds according to the transitional provisions foreseen by the CRR and CRR2 (grandfathering). Furthermore, the Additional Tier 1 Capital includes also the minority interests for the computable amount not already recognised in the Common Equity Tier 1 Capital.

3. Tier 2 Capital - T2

The T2 positive elements are represented by the following items: (I) capital instruments and subordinated loans where the conditions laid down in CRR2 article 63 are met; (II) the share premium accounts related to instruments referred to in point (I); (III) possible surplus of credit risk adjustments with reference to expected losses for positions evaluated according to IRB methods; (IV) capital instruments and subordinated loans for the amount computable in Own funds according to the transitional provisions foreseen by the CRR and CRR2 (grandfathering). The Tier 2 Capital includes also the minority interests for the computable amount not already recognised in the Tier 1 Capital and the T2 instruments issued by the subsidiaries for the computable amount as defined by the CRR.

As at 31 December 2021, the Group Own Funds:

- include, according to CRR article 484(5) among grandfathered instruments, the amount of the instruments issued before 31 December 2011 and subject to the grandfathering provisions according to CRR;
- include the instruments issued before 27 June 2019, subject to grandfathering framework according to CRR2 article 494b.

Own Funds

Template EU CC1 - Composition of regulatory Own Funds

(€ million)

	DESCRIPTION	a AMOUNTS AS AT 12.31.2021	AMOUNTS AS AT 09.30.2021	b SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts (A)	25,959	26,610	31-32
	of which: Ordinary shares	*25,959*	*26,610*	
	of which: Instrument type 2	-	-	
	of which: Instrument type 3	-	-	
2	Retained earnings	22,901	22,901	29
3	Accumulated other comprehensive income (and other reserves) (B)	4,213	2,662	17-18-19-20-21-22-23-30
EU-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)	110	95	35
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend (C)	366	2,052	36
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**53,549**	**54,320**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(246)	(230)	38
8	Intangible assets (net of related tax liability) (negative amount)	(1,437)	(1,362)	4
9	Not applicable			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38(3) CRR are met) (negative amount) (D)	(2,057)	(905)	10
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	339	158	17-21
12	Negative amounts resulting from the calculation of expected loss amounts	(8)	(8)	43
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	148	151	39
15	Defined-benefit pension fund assets (negative amount)	(61)	(46)	37
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount) (E)	(675)	(856)	34
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
20	Not applicable			
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(95)	(65)	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	-	
EU-20c	*of which: securitisation positions (negative amount)*	*(95)*	*(65)*	*41*
EU-20d	*of which: free deliveries (negative amount)*	*(0)*	-	*42*
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met) (negative amount)	-	-	
22	Amount exceeding the 17.65% threshold (negative amount) (F)	(577)	-	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	*(330)*	-	*1-2-3*
24	Not applicable			
25	*of which: deferred tax assets arising from temporary differences*	*(247)*	-	*10*
EU-25a	Losses for the current financial year (negative amount)	-	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
26	Not applicable			
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments (G)	2,053	1,792	44
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(2,616)**	**(1,371)**	
29	**Common Equity Tier 1 (CET1) capital**	**50,933**	**52,949**	

Own Funds

continued: Template EU CC1 - Composition of regulatory Own Funds

(€ million)

	DESCRIPTION	a AMOUNTS AS AT 12.31.2021	AMOUNTS AS AT 09.30.2021	b SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	5,697	5,697	26
31	*of which: classified as equity under applicable accounting standards*	*5,697*	*5,697*	
32	*of which: classified as liabilities under applicable accounting standards*	-	-	
33	Amount of qualifying items referred to in article 484(4) CRR and the related share premium accounts subject to phase out from AT1 (H)	258	258	33
EU-33a	Amount of qualifying items referred to in article 494a(1) CRR subject to phase out from AT1	-	-	
EU-33b	Amount of qualifying items referred to in article 494b(1) CRR subject to phase out from AT1	898	898	27
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	25	22	45
35	*of which: instruments issued by subsidiaries subject to phase out*	-	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**6,878**	**6,875**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	(31)	(31)	46
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
41	Not applicable			
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(31)**	**(31)**	
44	**Additional Tier 1 (AT1) capital**	**6,847**	**6,844**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**57,780**	**59,793**	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts (I)	6,824	6,751	15
47	Amount of qualifying items referred to in article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in article 486(4) CRR (J)	351	351	33
EU-47a	Amount of qualifying items referred to in article 494a(2) CRR subject to phase out from T2	-	-	
EU-47b	Amount of qualifying items referred to in article 494b(2) CRR subject to phase out from T2 (K)	271	355	16
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	461	458	48
49	*of which: instruments issued by subsidiaries subject to phase out*	-	-	
50	Credit risk adjustments	1,072	1,041	49
51	**Tier 2 (T2) capital before regulatory adjustments**	**8,979**	**8,956**	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(60)	(60)	50
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
54a	Not applicable			
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(806)	(790)	51
56	Not applicable			
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
EU-56b	Other regulatory adjustments to T2 capital (L)	(1,044)	(334)	52
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(1,910)**	**(1,183)**	
58	**Tier 2 (T2) capital**	**7,070**	**7,773**	
59	**Total capital (TC = T1 + T2)**	**64,850**	**67,566**	
60	**Total Risk exposure amount**	**321,992**	**328,016**	

Own Funds

continued: Template EU CC1 - Composition of regulatory Own Funds

(€ million)

	DESCRIPTION	a AMOUNTS AS AT 12.31.2021	AMOUNTS AS AT 09.30.2021	b SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Capital ratios and requirements including buffers				
61	Common Equity Tier 1 capital	15.82%	16.14%	
62	Tier 1 capital	17.94%	18.23%	
63	Total capital	20.14%	20.60%	
64	Institution CET1 overall capital requirements (M)	9.03%	9.03%	
65	*of which: capital conservation buffer requirement*	*2.50%*	*2.50%*	
66	*of which: countercyclical capital buffer requirement*	*0.05%*	*0.05%*	
67	*of which: systemic risk buffer requirement*	-	-	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	*1.00%*	*1.00%*	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*0.98%*	*0.98%*	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements (N)**	**10.33%**	**10.66%**	
National minima (if different from Basel III)				
69	Not applicable			
70	Not applicable			
71	Not applicable			
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,273	2,723	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	4,182	4,603	
74	Not applicable			
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in article 38(3) CRR are met) (O)	3,131	2,985	
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) (O)	2,568	2,767	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach (O)	1,072	1,041	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
82	Current cap on AT1 instruments subject to phase out arrangements	258	258	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	351	403	
84	Current cap on T2 instruments subject to phase out arrangements	633	633	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

Own Funds

Notes to the template EU CC1 "Composition of regulatory Own Funds"

Amounts included in the notes below refer to 31 December 2021 if not otherwise specified. Regarding the transitional adjustments as at 31 December 2021 it is worth mentioning that:

- the transitional adjustment applicable is 10% of the phase-out limit for the Additional Tier 1 and Tier 2 capital instruments subject to grandfathering in coherence with CRR article 486 (20% for 2020) - ref. item 33 and 47 of the template;
- moreover, the new grandfathering framework according to the CRR2 article 494 b) entered into force on 27 June 2019; it is applicable to the Additional T1 and T2 instruments issued before 27 June 2019 that do not comply with the CRR2 articles 52 and 63;
- it is decided to apply the transitional regime due to the introduction of IFRS9 accounting principle according to article 473a of Regulation (EU) 873/2020 that amends Regulation (EU) 876/2019.

A.

This item does not include €609 million related to the ordinary shares underlying the Usufruct contract (Cashes), reclassified as resulting from the phase-out according to CRR1 grandfathering rules under item "33. Amount of qualifying items referred to in article 484(4) CRR and the related share premium accounts subject to phase out from AT1" for €258 million and under item "47. Amount of qualifying items referred to in article 484 (5) and the related share premium account subject to phase out from T2 as described in article 486(4) CRR" for €351 million. The change compared to 30 September 2021 (negative for €651 million) mainly refers to the authorization received from the Competent Authority to repurchase of own shares connected to the "Second Shares Buyback Programme 2021" (equal to €652 million).

B.

The change compared to 30 September 2021 (positive for €1,551 million) mainly refers to: (i) positive change on exchange reserve (equal to €1,590 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); (ii) negative change on cash flow hedge reserve (equal to €181 million, subject to prudential filter for Own Funds calculation included in item "11. Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value"); (iii) negative change on actuarial losses (equal to €180 million); (iv) negative change on reserves related to equity and debt instruments at fair value (equal to €116 million); combined with the positive change in other reverse (equal to €356 million), mainly driven by (v) the authorization received from the Competent Authority to repurchase of own shares connected to the "Second Shares Buyback Programme 2021" (positive for €652 million); (vi) usage of reserve related to the "First Share Buyback Programme" (negative for €181 million) following the cancellation of the shares; (vii) coupon payment related to AT1 capital instruments (negative for €153 million).

C.

Refer to paragraph "Consolidated profit/loss eligible for Own Funds purposes" in the introductory section of this chapter.

D.

The amount included in this item (equal to €2,057 million) does not consider the effects related to the transitional adjustments due to IFRS9 that are included in item "27a Other regulatory adjustments".

E.

The amount reported in this item (equal to €675 million) is related to the authorization received from the Competent Authority for the repurchase of own shares connected to the "Second Shares Buyback Programme 2021" for €652 million.

The change compared to 30 September 2021 (positive for €181 million) is mainly due to the cancellation of the shares repurchased in the context of the "First Share Buyback Programme".

F.

With reference to 31 December 2021, UniCredit S.p.A. exceeds the thresholds based to the CRR article 48 "Threshold exemptions from deduction from Common Equity Tier 1 items" for €577 million. In particular, 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 investment exceeds the threshold of 17.65% of Common Equity Tier 1 Capital after applying the adjustments and deductions in CRR articles 32 to 36 in full. It is worth mentioning that the amount included in this item does not consider the effects related to the transitional adjustments referred to IFRS9 that are included in item "27a Other regulatory adjustments".

Own Funds

G.
The amount reported in this item (equal to €2,053 million) mainly includes:
- the effect related to the transitional arrangements referred to the entry into force of IFRS9 accounting principles according to article 473a of Regulation (EU) 873/2020 published on 27 June 2020 that amends Regulation (EU) 876/2019 (positive for €2,620 million) that includes the following transitional adjustments: (i) static component for €1,138 million (applicable percentage in 2021 equal to 50%); (ii) dynamic component for €1,126 million (applicable percentage in 2021 equal to 100%); (iii) sterilization for €342 million of the amount exceeding 17.65% CET1 threshold related to the exclusion of the deferred tax assets that rely on future profitability and arise from temporary differences after the regulatory netting generated by the application of the IFRS9 accounting principle;
- the additional deduction of CET1 Capital due to article 3 of CRR (equal to €441 million) in accordance with ECB guidance to banks on nonperforming loans.

The change compared to 30 September 2021 (positive for €261 million) is mainly driven by the increase in IFRS9 transitional adjustment (positive for €552 million) partially offset by the increase of additional deduction of CET1 Capital due to article 3 of CRR, in accordance with ECB guidance to banks on nonperforming loans (negative for €267 million).

H.
The amount of ordinary shares underlying the Usufruct contract (Cashes) equal to €609 million is included in this item for €258 million (the residual €351 million are reclassified in Tier 2 Capital, as resulting from the phase-out according to CRR1 grandfathering rules and reported under item "47. Amount of qualifying items referred to in article 484(5) and the related share premium account subject to phase out from T2 as described in article 486(4) CRR").

I.
The change compared to 30 September 2021 (positive for €73 million) is mainly referred to differences on exchange rate.

J.
The amount included in this item (equal to €351 million) is related to the ordinary shares underlying the Usufruct contract (Cashes) reclassified in Tier 2 Capital, as resulting from the phase-out according to CRR1 grandfathering rules.

K.
The change compared to 30 September 2021 (negative for €83 million) is related to the prudential amortization.

L.
The amount reported in this item (negative for €1,044 million) takes into account the effects of IFRS9 transitional adjustments and it is referred to the calculation of the excess related to the credit risk adjustments in comparison with the expected loss computed in Tier 2 capital.

M.
Refer to table "2021 Capital requirements and buffers for UniCredit group" in the introductory section of this chapter.

N.
The amount reported in this item is calculated by subtracting from the Common Equity Tier 1 capital ratio at the date (i.e. item 61: 15.82%) the minimum Common Equity Tier 1 requirement (equal to 4.5%) and the Pillar 2 requirement on CET1 (equal to 0.98%) in coherence with SREP results of 2020 and with the application of article 104a.4 of CRDV based on which the Pillar 2 requirement can be satisfied also through AT1 and T2 instruments (i.e. at least 75% through T1 and at least 56,25% through CET1). The change compared to 30 September 2021 depends on the following items: (i) decrease in Common Equity Tier 1 Capital for €2,016 million and (ii) decrease in risk weighted exposures for €6,024 million.

O.
Amounts included in items 75, 78 e 79 do not consider the effects related to the transitional adjustments due to IFRS9 that are included in item "27a. Other regulatory adjustments".

Own Funds

Template IFRS9-FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS9 or analogous ECLs

(€ million)

	DESCRIPTION	12.31.2021	09.30.2021	06.30.2021	03.31.2021	12.31.2020
1	Common Equity Tier 1 (CET1) capital (A)	50,933	52,949	52,789	52,101	51,971
2	Common Equity Tier 1 (CET1) capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	48,313	50,881	50,855	50,181	49,324
3	Tier 1 capital	57,780	59,793	58,888	59,188	59,321
4	Tier 1 capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	55,160	57,725	56,954	57,267	56,673
5	Total capital	64,850	67,566	67,417	68,010	67,464
6	Total capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied (B)	63,273	65,832	65,813	66,090	65,235
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets (C)	321,992	328,016	327,714	314,907	325,665
8	Total risk-weighted assets as if IFRS9 or analogous ECLs transitional arrangements had not been applied	321,498	328,262	328,022	315,209	325,787
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.82%	16.14%	16.11%	16.54%	15.96%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	15.03%	15.50%	15.50%	15.92%	15.14%
11	Tier 1 (as a percentage of risk exposure amount)	17.94%	18.23%	17.97%	18.80%	18.22%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	17.16%	17.59%	17.36%	18.17%	17.40%
13	Total capital (as a percentage of risk exposure amount)	20.14%	20.60%	20.57%	21.60%	20.72%
14	Total capital (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	19.68%	20.05%	20.06%	20.97%	20.02%
	Leverage ratio					
15	Leverage ratio total exposure measure	1,011,462	947,368	946,537	972,274	954,756
16	Leverage ratio (D)	5.71%	6.31%	6.22%	6.09%	6.21%
17	Leverage ratio as if IFRS9 or analogous ECLs transitional arrangements had not been applied	5.47%	6.11%	6.03%	5.90%	5.95%

Notes to the "Template IFRS9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS9 or analogous ECLs"

Starting from 30 June 2020 UniCredit has decided to apply the transitional arrangements referred to the entry into force of IFRS9 accounting principles according to article 473a of Regulation (EU) 873/2020 published on 27 June 2020 that amends Regulation (EU) 876/2019, for any further details please refer to paragraph "Transitional arrangements related to the application of IFRS9".

The table above shows the main data on available capital, risk-weighted assets, capital ratios and leverage ratio after IFRS9 transitional arrangements, and how they would have been if the arrangements had not been applied.

A.

The amount under this item (equal to €50,933 million) includes €2,620 million due to IFRS9 transitional adjustments, of which: i) static component for €1,138 million (applicable percentage in 2021 equal to 50%); ii) dynamic component for €1,126 million (applicable percentage in 2021 equal to 100%); iii) sterilization for €342 million of the amount exceeding 17.65% CET1 threshold related to the exclusion of the deferred tax assets that rely on future profitability and arise from temporary differences after the regulatory netting generated by the application of the IFRS9 accounting principle.

B.

This item (equal to €63,273 million) does not include the effect related to IFRS9 transitional adjustments for €1,576 million; such amount is composed of the part related to IFRS9 transitional adjustment on CET1 capital reported in point A (for €2,620 million) partially offsetted by the part of re-calculation of the excess of the credit risk adjustments included in Tier 2 capital (negative for €1,044 million).

C.

The amount of risk weighted exposures considers the effects of IFRS9 transitional adjustments and includes:

- the increase of risk weighted exposures related to the benefit on CET1 Capital deriving from the static component connected to the standard portfolio;
- the decrease of risk weighted exposures related to the reduction on deferred tax assets that rely on future profitability and arise from temporary differences subject to regulatory netting and weighted at 250%.

Own Funds

D.
The Leverage Ratio exposure includes the positive amount of IFRS9 transitional adjustment applied to CET1 as per article 473a(7a) of the CRR2. The overall effect on the ratio considering the transitional IFRS9 adjustments applied to CET1 and to exposure is equal to +0.25%.

Separate disclosure of deductions (CRR Article 437.d)

(€ million)

TRANSITIONAL THRESHOLDS FOR DEDUCTION OF DEFERRED TAX ASSETS AND INVESTMENTS IN FINANCIAL SECTOR ENTITIES	AMOUNTS
10% CET1 threshold for not significant investments in financial sector entities	4,933
10% CET1 threshold for significant investment in financial sector entities and deferred tax assets (DTA) that rely on future profitability and arise from temporary differences	4,933
17.65% CET1 threshold for significant investment and DTA not deducted from the 10% threshold (A)	7,313

(€ million)

REF. CRR ARTICLE	NATURE OF DEDUCTIONS	TOTAL AMOUNT SUBJECT TO DEDUCTION	AMOUNT DEDUCTED - REF. COLUMN C OF COMPOSITION TEMPLATE(*)	REF. TO THE ITEMS OF COMP. OF REGULATORY OWN FUNDS TEMPLATE(*)	AMOUNT EXCLUDED FROM DEDUCTIONS
36.b	Intangible assets	1,437	1,437	8	-
36.c	Deferred tax assets that rely on future profitability, of which:	5,434	2,304	-	3,131
	not arising from temporary differences	*2,057*	*2,057*	*10*	-
	arising from temporary differences (A)	*3,378*	*247*	*25, 75*	*3,131*
36.d	IRB Shortfall	8	8	12	-
36.e	Defined benefit pension fund assets	61	61	15	-
36.f	Own CET1 instruments	675	675	16	-
36.h	Not significant investments in CET1 instruments issued by FSE (B)	1,314	-	72	1,314
36.i	Significant investments in CET1 instruments issued by FSE (A)	4,512	330	23, 73	4,182
36.k.	Deductions of exposures qualifying for risk weight 1,250%	95	95	20a	-
36.m	Insufficient coverage for non performing	6	6	27a	-
56.a	Own AT1 instruments	31	31	37	-
56.c	Not significant investments in AT1 instruments issued by FSE (B)	650	-	72	650
56.d	Significant investments in AT1 instruments issued by FSE	-	-	40	-
66.a	Own T2 instruments	60	60	52	-
66.c	Not significant investments in T2 instruments issued by FSE (B)	58	-	72	58
66.d	Significant investments in T2 instruments issued by FSE	806	806	55	-

Note:
(*) Ref. to "Template CC1 - Composition of regulatory own funds" included in this section of the Pillar 3.

Notes related to template "Separate disclosure of deductions (CRR article 437.d)"
The amount included in in the table above does not consider the adjustment connected with the IFRS9 transitional arrangement.

A.
The amount not deducted from CET1 capital (for a total amount of €7,313 million, risk weighted at 250%), related to significant investments in Common Equity Tier 1 instruments and deferred tax assets that rely on future profitability and arise from temporary differences on 31 December 2021 coincides with the amount of the 17.65% CET1 threshold. The amount exceeding CET1 threshold (€577 million, of which (i) €247 million related to deferred tax assets that rely on future profitability arising from temporary differences and (ii) €330 million on significant investments in CET1 instruments issued by Financial Sector Entity), is deducted from Own Funds.

Own Funds

B.
The sum of not significant investments referred to CRR articles 36.h, 56.c, 66.c is equal to €2,022 million differs with the amount reported in item "72. Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)" of "Template EU CC1 - Composition of regulatory own funds" due to the inclusion of eligible liabilities for €251 million. The amount does not exceed 10% CET1 threshold, therefore, no deductions from Own Funds are applied.

Flow Statement for Own Funds (Enhanced Disclosure Task Force recommendation No.11)

(€ million)

OWN FUNDS(*)	01.01.2021 - 12.31.2021	01.01.2020 - 12.31.2020
Common Equity Tier 1 Capital		
Opening Amount	**51,971**	**50,054**
Instruments and reserves (A)	**1,685**	**744**
1. Capital	76	66
2. Reserves and share premium reserves	(599)	750
3. Accumulated other comprehensive income (B)	1,823	(40)
4. Net profit of the period (net of foreseeable dividends) (C)	366	-
5. Eligible minority interests	20	(32)
Regulatory adjustments	**(2,724)**	**1,173**
6. Prudential filters (D)	217	79
7. Own CET1 instruments (E)	(665)	(2)
8. Goodwill and other intangible assets	(216)	1,594
9. Loss for the current financial year	-	(2,785)
10. Deferred tax assets that rely on future profitability and not arise from temporary differences (F)	(1,190)	(168)
11. Deferred tax assets that rely on future profitability and arise from temporary differences (G)	(205)	(43)
12. Significant and not significant investments in CET1 instruments issued by financial sector entities (G)	(269)	(61)
13. Shortfall on IRB positions	6	(4)
14. Deductions for securitisations	(25)	32
15. Other deductions	(17)	(3)
16. Other regulatory adjustments, of/w related to: (H)	(361)	2,534
16.1 IFRS9	*(28)*	*2,648*
16.2 Additional deductions of CET1 Capital due to Article 3 CRR	*(327)*	*(114)*
16.3 Insufficient coverage for non-performing exposures	*(6)*	*-*
Closing Amount	**50,933**	**51,971**
Additional Tier 1 Capital		
Opening Amount	**7,350**	**6,360**
Instruments	**(504)**	**990**
17. Eligible instruments, included instruments subject to grandfathering (I)	(502)	983
18. Additional Tier 1 instruments issued by subsidiaries	*(2)*	7
Regulatory adjustments	**2**	**(0)**
19. Own AT1 instruments	2	(3)
20. Significant investments in AT1 instruments issued by financial sector entities	-	3
Closing Amount	**6,847**	**7,350**
Tier 1 capital	**57,780**	**59,321**
Tier 2 capital		
Opening Amount	**8,143**	**10,568**
Instruments	**(524)**	**(1,827)**
21. Eligible instruments, included instruments subject to grandfathering (J)	(609)	(1,669)
22. Tier 2 instruments issued by subsidiaries	8	(81)
23. Excess for IRB positions	76	(76)
Regulatory adjustments	**(549)**	**(598)**
24. Own T2 instruments	45	87
25. Significant investments in T2 instruments issued by financial sector entities	30	(266)
26. Transitional adjustments, of/w:	(625)	(419)
26.1 Amount related to shortfall on IRB positions (K)	*(625)*	*(419)*
Closing Amount	**7,070**	**8,143**
Total Own Funds at the end of the period	**64,850**	**67,464**

Own Funds

Notes to the template "Flow Statement for Own Funds (Enhanced Disclosure Task Force recommendation No.11)"
(*) All amounts are referred to changes of period, except for the opening/closing ones and for the amount of profit that represents the stock at the reference date.
In addition to the evolution occurred in 2021, changes in this period reflect also the application of the transitional regime due to the introduction of IFRS9 accounting principle according to article 473a of Regulation (EU) 873/2020 that amends Regulation (EU) 876/2019.

A.
The amounts reported in rows 1, 2, 3, 4 of the template do not include the portion related to minority interests, reported in the item related to the overall minority interests eligible in Common Equity Tier 1 (CET1) according to CRR (ref. row 5 of the template).

B.
The value referred to 2021 (positive for €1,823 million) reflect the positive change (equal to €1,840 million) on exchange reserve, mainly driven by 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.

C.
Refer to paragraph "Consolidated profit/loss eligible for Own Funds purposes" in the introductory section of this chapter.

D.
The positive change referred to 2021 (equal to €217 million) mainly reflects the changes related to the following filters: (i) positive change due to the increase in cash flow hedge reserve, equal to €291 million; (ii) negative change due to the increase in deduction of additional value adjustments (CRR article 34), equal to €50 million and (iii) negative change in own credit risk (CRR article 33), equal to €23 million.

E.
This negative change referred to 2021 (€665 million) mainly reflect the inclusion of deduction (equal to €652 million) related to the "Second Share Buyback Programme 2021" started on 13 December 2021.

F.
The change compared to 31 December 2020 (negative for €1,190 million) on deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3)), is mainly due to the outcome of Deferred Tax Assets sustainability test related to tax losses carry forward (TLCF) on the Italian tax perimeter as of fourth quarter 2021, after the application of the regulatory netting rules.

G.
On December 2021 UniCredit exceeded the threshold of 17.65% of CET1 capital. The negative changes related to 2021 refer to deferred tax assets that rely on future profitability and arise from temporary differences (equal to €205 million) and significant investments in financial sector entities (equal to €269 million) that together exceed the threshold of 17.65% of CET1 capital as of 31 December 2020, according to CRR article 48.
The amount above mentioned does not consider the effects related to the transitional adjustments referred to IFRS9.

H.
The negative change referred to 2021 (€361 million) mainly reflects:
- the lower phase-in percentage applicable in 2021 on the Static Component (from 70% in 2020 to 50% in 2021) negative for €455 million, a positive change on Dynamic Component for €214 million and positive effect for €238 million due to the sterilization of the exceedance of 17.65% CET1 threshold related to the exclusion of the deferred tax assets that rely on future profitability and arise from temporary differences after the regulatory netting generated by the application of the IFRS9 accounting principle;
- the negative change (€327 million) of the additional deduction of CET1 Capital due to article 3 of CRR, in accordance with ECB guidance to banks on non-performing loans.

I.
The negative change in 2021 (equal to €502 million) mainly refers to:
- the negative change related to the authorization received by the Competent Authority to early redeem the instrument XS1107890847 (equal to €991 million), executed on 10 September 2021;
- the negative change (equal to €258 million) that reflects the reduction from 20% (in 2020) to 10% (in 2021) of the phase-out limit for the Additional Tier 1 capital instruments subject to grandfathering in coherence with CRR article 486;
- the positive change (equal to €744 million) for the new issuance of one subordinated instrument classified in Additional Tier 1 Capital.

Own Funds

J.
The change in December 2021 (negative for €609 million) mainly refers to:
- the negative change (equal to €748 million) deriving from the authorization received by the Competent Authority to early redeem instrument XS1426039696;
- the negative change (equal to €119 million) deriving from the combined effect of regulatory amortization and exchange rates;
- the positive change (equal to €258 million) that reflects the reclassification of ordinary shares underlying the Usufruct contract (Cashes) from Additional Tier 1 Capital to Tier 2 Capital, as resulting from the phase-out according to CRR1 grandfathering rules (reduction of applicable phaseout percentage 10% in 2021 while 20% in 2020).

K.
The change compared with 2020 (negative for €625 million) considers the effects of IFRS9 transitional adjustments and it is referred to the recalculation of the excess of the credit risk adjustments included in Tier 2 capital.

Own Funds

Template EU CC2 - Reconciliation of regulatory Own Funds to balance sheet in the audited financial statements

(€ million)

		a	b				c	
		ACCOUNTING FIGURES (*)		AMOUNTS RELEVANT FOR OWN FUNDS PURPOSES (**)				
	DESCRIPTION	ACCOUNTING PERIMETER	REGULATORY PERIMETER	COMMON EQUITY TIER 1 (CET1)	ADDITIONAL TIER 1 (AT1)	TIER 2 (T2)	REF. TO TEMPLATE EU CC1	NOTES (***)
	BALANCE SHEET - ASSETS							
1	20 C. Financial assets at fair value through P&L mandatorily at fair value - Equity investments	(1,062)	(1,058)					
2	30. Financial assets at fair value through other comprehensive income - Equity investments	(1,474)	(1,399)	(330)	-	-	23	A
3	70. Investments in associates and joint ventures	(4,073)	(4,461)					
4	100. Intangible assets of which:	(2,213)	(2,212)	(1,437)	-	-	8	
5	- Goodwill	-	-	(53)	-	-		B
6	- Other Intangible Assets	(2,213)	(2,212)	(1,383)	-	-		C
7	110. Deferred Tax assets of which mainly:	(13,551)	(13,549)	(2,304)	-	-		
8	- Deferred tax assets that do not rely on future profitability	(8,192)	(8,191)	-	-	-		
9	- Multiple goodwill redemption	-	-	-	-	-		
10	- Deferred tax assets that rely on future profitability	(5,359)	(5,358)	(2,304)	-	-	10-25	D
	BALANCE SHEET - LIABILITIES AND SHAREHOLDERS ' EQUITY							
11	Subordinated Liabilities of which:							
12	- 10B. Deposits from customers							
13	- 10C. Debt securities issued	9,384	9,384	-	-	7,096		
14	- 30. Financial liabilities designated at fair value of which:							
15	- Eligible instruments	6,928	6,928	-	-	6,824	46	E
16	- Instruments subject to phase-out	2,457	2,457	-	-	271	EU-47b	E
17	120. Revaluation reserves of which mainly:	(4,337)	(4,337)	(3,998)	-	-	3 - 11	F
18	- Valuation reserves on debt and capital instruments at fair value through OCI	543	496	700	-	-	3	
19	- Revaluation reserves of actuarial net losses	(3,793)	(3,793)	(3,843)	-	-	3	
20	- Other positive items - Special revaluation laws and Property plant and equipment	1,990	1,985	1,996	-	-	3	
21	- Cash flow hedge reserves	(337)	(337)	-	-	-	3 - 11	
22	- Exchange differences	(2,664)	(2,664)	(2,708)	-	-	3	
23	- Financial liabilities at fair value	(142)	(142)	(143)	-	-	3	
24	- Reserves related to non current assets held for sale and investments accounted for using the equity method	66	118	-	-	-		
25	140. Equity instruments of which:	6,595	6,595	-	6,595	-		
26	- Eligible instruments	5,697	5,697	-	5,697	-	30	
27	- Instruments subject to grandfathering	898	898	-	898	-	EU-33b	G
28	150. Reserves of which:	31,451	31,451	31,451	-	-		
29	- Retained earnings	22,901	22,901	22,901	-	-	2	
30	- Other reserves	8,550	8,550	8,550	-	-	3	F
31	160. Share premium	5,446	5,446	5,444	-	-	1	
32	170. Issued capital	21,133	21,133	20,515	258	351	1	
33	of which: Ordinary shares underlying the Usufruct contract (Cashes)	609	609	-	258	351	33 - 47	G
34	180. Treasury shares (-)	(200)	(200)	(675)	-	-	16	H
35	190. Minority interests	465	505	110	-	-	5	I
36	200. Net profit (loss) for the year (+/-)	1,540	1,540	366	-	-	EU-5a	J
	OTHER ELEMENTS FOR RECONCILIATION WITH OWN FUNDS							
	Total other elements of which:			**1,791**	**(6)**	**-**		
37	- Assets referred to defined benefit pension funds			(61)	-	-	15	
38	- Additional value adjustments			(246)	-	-	7	
39	- Prudential filters to Common Equity Tier 1 of which:			148	-	-	14	
40	- Own credit spread			148	-	-		
41	- Deduction for securitisations			(95)	-	-	EU-20c	
42	- Deduction for free deliveries			(0)	-	-	EU-20d	
43	- Shortfall of expected losses vs provisions (IRB models)			(8)	-	-	12	
44	- Other regulatory adjustments			2,053	-	-	27a	K
45	- Instruments issued by subsidiaries included in Additional Tier 1			-	25	-	34	
46	- Deduction for holdings in own Additional Tier 1 instruments			-	(31)	-	37	
47	- Deduction for holdings of Additional Tier 1 instruments of financial sector entities where the institution has a significant investment			-	-	-		
48	- Instruments issued by subsidiaries included in Tier 2			-	-	461	48	
49	- Excess of provisions vs expected losses (IRB models)			-	-	1,072	50	
50	- Deduction for holdings in own Tier 2 instruments			-	-	(60)	52	
51	- Deduction for holdings of Tier 2 instruments of financial sector entities where the institution has a significant investment			-	-	(806)	55	
52	- Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			-	-	(1,044)	EU-56b	L
	Total transitional Own Funds			**50,933**	**6,847**	**7,070**	**29, 44, 58**	

Notes:
(*) The differences between accounting and regulatory figures mainly depend on the composition of accounting (IFRS) and regulatory perimeters (ref. Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation).

Own Funds

(**) Contribution positive (negative) to the Own Funds. With reference to negative elements of Own Funds (i.e. deduction), the amount reported includes also, for each reference items, the quote related to held for sale assets. Regarding the transitional adjustments as of 31 December 2021 it is worth mentioning that the transitional adjustment applicable is 10% of the phase-out limit for the Additional Tier 1 and Tier 2 capital instruments subject to grandfathering in coherence with CRR article 486.
(***) Notes related to column "Amounts relevant for Own Funds purposes":

Notes to the template EU CC2 "Reconciliation of regulatory own funds to balance sheet in the audited financial statements"

A.
As at 31 December 2021, the amounts of not significant investments in financial sector entities (Financial Sector Entity - FSE) do not exceed the conditional thresholds defined by the CRR (ref. article 46); hence, no deductions are applied to CET1 capital.
The amount of significant investments in financial sector entities (FSE) exceeds the conditional threshold of 17.65% of CET1 capital, defined by the CRR (ref. article 48), together with the amount of deferred tax assets that rely on future profitability and arise from temporary differences; therefore, the exceedance (€577 million in total) is deducted from CET1 capital and it is proportionally distributed between significant investments (€330 million) and deferred tax assets (€247 million - ref. note D) according to the weight of each of these elements compared to the total amount of the basket of significant investments and deferred tax assets.
The amount of the deduction for significant investments in financial sector entities equal to €330 million is reconciled with the amount reported in item "23. of which: Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities" of Template EU CC1 - Composition of regulatory Own Funds.
It is worth specifying that the amount in significant investments in financial sector entities not deducted from CET1 capital is subject to a risk weight of 250% in the calculation of risk weighted exposures, consistently with CRR article 48.
It has to be mentioned that the amounts above reported are not influenced by the effects related to the transitional adjustments referred to IFRS9 in accordance with the Q&A 2018_3784.
With reference to the item "70. Investments in associates and joint ventures", the main difference between accounting and regulatory amounts refers to those Entities consolidated by equity method in coherence with the contents of note (*).

B.
As at 31 December 2021, the amount of the deduction (€53 million) is referred to the goodwill incorporated into the valuation of significant investments.

C.
The amount of deduction (€1,383 million) refers to the methodology for the software assets' CET1 capital deduction calculation in line with article 36(1)(b) of CRR (equal to €1,442 million) and the reduction connected to the inclusion of the deferred tax effects according to CRR article 37 (€59 million).

D.
With reference to the amount of deferred tax assets that rely on future profitability, the amount deducted from CET1 capital (equal to €2,304 million), expressed net of deferred tax liabilities based on CRR article 38, is subject to the following treatment: (i) €2,057 million for the deferred tax assets that do not arise from temporary differences fully deducted from CET1 capital; (ii) €247 million related to deferred tax assets that rely on future profitability and arise from temporary differences, deducted from CET1 capital for the amount that exceeds the conditional threshold of 17.65% of CET1 capital as defined in CRR (ref. article 48), together with the amount of significant investments in financial sector entities - ref. note A.
The amount of deduction (€2,057 million) is reconciled with the amount reported in item "10. Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38(3) CRR are met)" of Template EU CC1 - Composition of regulatory Own Funds.
It is worth specifying that the amount of deferred tax assets that rely on future profitability and arise from temporary differences not deducted from CET1 capital, is subject to a risk weight of 250% in the calculation of risk weighted exposures consistently with CRR article 48.
It has to be mentioned that the amounts above reported are not influenced by the effects related to the transitional adjustments referred to IFRS9 in accordance with the Q&A 2018_3784.

Own Funds

E.
The amount of eligible instruments (equal to €7,096 million) only refers to instruments issued by the parent company UniCredit S.p.A. while subordinated instruments issued by Group subsidiaries are included in consolidated Own Funds for the amount resulting from the application of CRR articles 85-88 and, hence, not directly allocated to the related balance sheet items (the amount resulting from such calculation is reported in item "Instruments issued by subsidiaries included in Tier 2" among the "Other elements for reconciliation with Own Funds").
This amount is reconciled with the amount reported in Template EU CC1 - Composition of regulatory Own Funds and it is referred to:
- eligible instrument for €6,824 million and included in item "46. Capital instruments and the related share premium accounts" of the Template EU CC1 - Composition of regulatory Own Funds;
- instruments subject to grandfathering (€271 million) that do not satisfy the new computable conditions inserted in the Regulation (EU) 876/2019 (CRR2) and included in item EU-47b "Amount of qualifying items referred to in article 494b (2) CRR subject to phase out from T2" of Template EU CC1 - Composition of regulatory Own Funds.

F.
The sum of the amounts "accounting figures" - regulatory perimeter of items "120. Revaluation reserves" (equal to -€4,337 million) and "150. Reserves" for the component related to the "Other reserves" (equal to €8,550 million) is equal to €4,213 million and reconciled with item 3 "Accumulated other comprehensive income (and other reserves)" including unrealised gains and losses according to the applicable accounting principles of Template EU CC1 - Composition of regulatory Own Funds.
With reference to Item "120 Revaluation reserves", it is specified that the relevant amount reported in Own Funds:
- includes, for each category of reserves, also the portion of regulatory balance sheet value that refers to non-current assets held for sales, and investments accounted for using the equity method;
- is calculated by applying to the regulatory and accounting value (-€4,337 million) the prudential filter (€339 million) referred to cash flow hedge reserves (ref. to item "11. Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value" of Template EU CC1 - Composition of regulatory Own Funds).

G.
The amount of instruments subject to phase-out only refers to Additional Tier 1 and Tier 2 instruments issued by the parent company UniCredit S.p.A.
It is reported below the reconciliation between Additional Tier1 instruments with Item 33" Amount of qualifying items referred to in article 484(4) CRR and the related share premium accounts subject to phase out from AT1" and item EU-33b "Amount of qualifying items referred to in article 494b(1) CRR subject to phase out from AT1" of Template EU CC1 - Composition of regulatory Own Funds for €1,156 million, which derives from the sum of the following items of the present template:
- item 140 (equal to €898 million) referred to instruments that do not satisfy the new computable conditions inserted in the article 52 of Regulation (EU) 876/2019 (CRR2);
- item 170 (equal to €258 million) related to the ordinary shares underlying the Usufruct contract (Cashes), reclassified as resulting from the phase-out according to CRR1 grandfathering rules.

In addition, item 170 (equal to €351 million) related to the ordinary shares underlying the Usufruct contract (Cashes), reclassified into Tier2 capital as resulting from the phase-out according to CRR1 grandfathering rules, is reconciled with item "47. Amount of qualifying items referred to in article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in article 486(4) CRR" of Template EU CC1 - Composition of regulatory Own Funds.

H.
The amount of the item "Treasury shares" (€200 million) is different from the total amount of own CET1 instruments deducted from Own Funds (€675 million) that includes the residual deduction for €453 million related to authorization received from the Competent Authority for the repurchase of own shares (for €652 million) connected to the "Second Shares Buyback Programme 2021" started on 13 December 2021 and the additional deduction on indirect and synthetic holdings for €23 million.

I.
The amount included in Own Funds (€110 million) refers to the computable amount of minority interests recognised in Common Equity Tier 1 Capital resulting from the application of CRR articles 85-88.

J.
Refer to paragraph "Consolidated profit/loss eligible for Own Funds purposes" in the introductory section of this chapter.

Own Funds

K.
The amount reported in this item (equal to €2,053 million) is reconciled with item 27a “Other regulatory adjustments” of Template EU CC1 - Composition of regulatory Own Funds and mainly includes:

- the transitional arrangements referred to the entry into force of IFRS9 accounting principles according to article 473a of Regulation (EU) 873/2020 published on 27 June 2020 that amends Regulation (EU) 876/2019 (equal to €2,620 million) that includes the following transitional adjustments: (i) static component for €1,138 million (applicable percentage in 2021 equal to 50%); (ii) dynamic component for €1,126 million (applicable percentage in 2021 equal to 100%); iii) sterilization for €342 million of the amount exceeding 17.65% CET1 threshold related to the exclusion of the deferred tax assets that rely on future profitability and arise from temporary differences after the regulatory netting generated by the application of the IFRS9 accounting principle;
- the additional deduction of CET1 Capital due to article 3 of CRR (equal to €441 million) in accordance with ECB guidance to banks on non-performing loans.

L.
The amount included in this item (negative for €1,044 million) takes into account the effects of IFRS9 transitional adjustments and it is referred to the calculation of the excess related to the credit risk adjustments in comparison with the expected loss computed in Tier 2 capital. The item is reconciled with the amount reported in item EU 56b “Other regulatory adjustments to T2 capital“ of Template EU CC1 - Composition of regulatory Own Funds.

Own Funds

Total Loss Absorbing Capacity

Starting from 27 June 2019 UniCredit group, as a Global Systemically Important Institution ("G-SII"), is subject to the "Total Loss Absorbing Capacity" (TLAC) requirement, introduced by Regulation 876/2019 ("CRR2") and aimed at ensuring that the G-SIIs have a sufficient amount of Own Funds and liabilities with a high total loss absorbing capacity.

TLAC requirement is formally separated and does not alter or replace Resolution Authority decisions concerning the minimum MREL requirement according to Directive 2014/59/EU amended by Directive 2019/879/EU.

According to the transitional provisions of CRR2 article 494, the minimum TLAC requirement applicable on 31 December 2021 is equal to the maximum between:

- 16% of the total risk exposure amount to which the Combined Capital Reserve applicable to the Group (3.55%) at the reference date is added; therefore, the total minimum requirement applicable on 31 December 2021 is 19.55%;
- 6% of the overall leverage exposure measure.

Referred to the UniCredit group, the applicable requirement as at 31 December 2021 is based on the total risk exposure and it is equal to 19.55%.

These minimum requirements apply until 31 December 2021; then, starting from 1 January 2022, in accordance with CRR2 article 92a, the requirement will be equal to the maximum between:

- 18% of the total risk exposure amount to which the Combined Capital Reserve applicable to the Group at the reference date is added;
- 6.75% of the overall leverage exposure measure.

For UniCredit group, TLAC minimum requirement is applied on a consolidated basis and shall be respected by the Parent company (Single Point of Entry (SPE), the unique Resolution Entity).

To comply with the above-mentioned minimum requirements, the Regulation envisages the following elements:

- Own Funds computed according to CRR and CRR2 provisions;
- Tier 2 Capital with a residual maturity equal or greater than 1 year as at 31 December 2021 for the amount related to the regulatory amortization, which is not computed in the Own funds, according to CRR2 article 64;
- Eligible liabilities that meet the conditions of computability according to CRR2 article 72b which are computable to the extent that they are not already considered among Additional Tier 1 Capital and Tier 2 Capital;
- Eligible liabilities that do not meet the subordination requirement according to paragraph d) of CRR2 article 72b 2, but comply with the other eligibility conditions, which are computable for TLAC purposes - if allowed by the Resolution Authority - below the threshold of 3.5% of the total risk exposure amount. It should be noted that the above-mentioned threshold is equal to 2.5% up to 31 December 2021 in application of the transitional provisions of CRR2 article 494.

In application of the grandfathering regime introduced by CRR2 article 494b 3, the liabilities issued before 27 June 2019 that do not comply with the conditions of computability referred to paragraph b) point ii) and from paragraph f) to paragraph m), are considered as TLAC eligible instruments according to CRR2 article 72b.

The contents included in this section have been defined by referring to the final version of “Draft implementing technical standards on disclosure and reporting MREL and TLAC” (EBA/ITS/2020/06) transposed by the Commission implementing Regulation (EU) 2021/763.

Own Funds

TLAC requirements (at resolution Group level)

The Resolution Strategy defined by the Single Resolution Board (SRB) for the UniCredit group is Single Point of Entry for those legal entities within the European Union, with the "Bail-in" as main resolution tool applicable to UniCredit S.p.A. (i.e. the unique Resolution Entity).

Template EU KM2 - Key metrics

(€ million)

		G-SII REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (TLAC)				
		b	c	d	e	f
OWN FUNDS AND ELIGIBLE LIABILITIES, RATIOS AND COMPONENTS		12.31.2021	09.30.2021	06.30.2021	03.31.2021	12.31.2020
1	Own funds and eligible liabilities	81,941	86,032	85,718	85,973	87,830
2	Total risk exposure amount of the resolution group (TREA)	321,992	328,016	327,714	314,907	325,665
3	Own Funds and eligible liabilities as a percentage of TREA	25.45%	26.23%	26.16%	27.30%	26.97%
4	Total exposure measure of the resolution group	1,011,462	947,368	946,537	972,274	954,756
5	Own Funds and eligible liabilities as percentage of the total exposure measure	8.10%	9.08%	9.06%	8.84%	9.20%
6a	Does the subordination exemption in article 72(b)(4) of the CRR apply (5% exemption)?	NO	NO	NO	NO	NO
6b	Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities instruments If the subordination discretion as per article 72b(3) CRR is applied (max 2.5% exemption)	8,050	8,200	8,193	7,873	8,142
6c	Pro-memo item: If a capped subordination exemption applies under article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)	58.87%	56.58%	60.15%	59.07%	72.45%

Template EU TLAC1 - TLAC composition (at resolution group level)

(€ million)

		12.31.2021
		G-SII REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (TLAC)
Own Funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 capital (CET1)	50,933
2	Additional Tier 1 capital (AT1)	6,847
6	Tier 2 capital (T2)	7,070
11	**Own Funds for the purpose of articles 92a CRR and 45 BRRD (A)**	**64,850**
Own Funds and eligible liabilities: Non-regulatory capital elements		
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered) (B)	8,960
EU12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-
EU12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 and grandfathered	-
EU12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items (C)	81
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap) (D)	9,320
EU13a	Eligible liabilities that are not subordinated to excluded liabilities, issued prior to 27 June 2019 and grandfathered (pre-cap) (E)	4,355
14	Amount of non subordinated instruments eligible, where applicable after application of article 72b (3) CRR (F)	8,050
17	**Eligible liabilities items before adjustments**	**17,091**
EU17a	*of which: subordinated*	9,042
Own Funds and eligible liabilities: Adjustments to non-regulatory capital elements		
18	Own Funds and eligible liabilities items before adjustments	81,941
20	(Deduction of investments in other eligible liabilities instruments)	-
22	**Own Funds and eligible liabilities after adjustments**	**81,941**
Risk-weighted exposure amount and Leverage exposure measure of the resolution group		
23	Total risk exposure amount	321,992
24	Total exposure measure of the resolution group	1,011,462
Ratio of Own Funds and eligible liabilities		
25	**Own Funds and eligible liabilities (as a percentage of total risk exposure amount)**	**25.45%**
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	8.10%
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements (G)	9.39%
28	Institution-specific combined buffer requirement, of which:	3.55%
29	*- capital conservation buffer requirement*	2.50%
30	*- countercyclical buffer requirement*	0.05%
31	*- systemic risk buffer requirement*	-
EU31a	*- Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	1.00%
EU-32a	Total amount of excluded liabilities referred to in article 72a(2) CRR (H)	324,325

Own Funds

Notes to the template "EU TLAC1: TLAC composition (at resolution Group level)"

A.

The value of Own Funds is referred to the amount calculated at Group level. The amounts reported are reconciled with the figures included in the template EU CC1 - Composition of regulatory Own Funds, in particular:

- item "1 Common Equity Tier 1 capital (CET1)" of this template is reconciled with the Item "29 Common Equity Tier 1 (CET1) capital";
- item "2 Additional Tier 1 capital (AT1)" of this template is reconciled with the Item "44 Additional Tier 1 (AT1) capital";
- item "6 Tier 2 capital (T2)" of this template is reconciled with the Item "58 Tier 2 (T2) capital".

B.

The amount equal to €8,960 million is related to the liabilities issued by UniCredit S.p.A. that satisfy the subordination requirement according to CRR2 article 72b(2)(d) and includes Senior Non-Preferred instruments. The amount reported includes the deduction of the €150 million related to the plafond granted by SRB as general prior permission for buyback and market making activities. This row neither includes the amortised portion of T2 instruments where remaining maturity is greater than or equal to one year (CRR2 article 72a(1)(b), reported in row EU12c) nor eligible liabilities grandfathered under CRR2 article 494b(3).

C.

The amount of €81 million refers to the amortised portion of T2 instruments issued by UniCredit S.p.A. where remaining maturity is greater than or equal to one year (CRR2 article 72a(1)(b)). Only the amount not recognised in Own Funds, but meeting all eligibility criteria according to CRR2 article 72b, is reported in this row.

D.

The amount of €9,320 million is related to liabilities issued by UniCredit S.p.A. that do not satisfy the subordination requirement according to CRR2 article 72b 2 d) but that qualify as Eligible Liabilities according to CRR2 article 72b(3) and includes Senior Preferred Instruments. This row does not include any amount recognizable on a transitional basis in accordance with CRR2 article 494b(3) (grandfathered instruments) and reports the amount of the liabilities before the application of the cap of 2.5% of RWEA.

E.

The amount of €4,355 million is related to liabilities issued by UniCredit S.p.A. prior to 27 June 2019 that do not satisfy the subordination requirement according to CRR2 article 72b(2)(d) but that qualifies as Eligible Liabilities according to CRR2 article 72b(3) and includes Senior Preferred Instruments. This row includes the amount qualifying as eligible liabilities on a transitional basis in accordance with CRR2 article 494b(3) (grandfathered instruments) and shows the amount of the liabilities before the application of the cap of 2.5% of RWEA.

F.

The amount equal to €8,050 million includes the Senior Preferred bonds computable within the eligible liabilities after the application of the cap of 2.5% of RWEA. As of 31 December 2021, the amount of Senior Preferred bonds of €13,675 million includes the deduction of the €850 million related to the plafond granted by SRB as general prior permission for buyback and market making activities and exceeds the threshold of the 2.5% of RWEA, hence the UniCredit group has computed as TLAC eligible instruments €8,050 million (equal to 2.5% of RWEA).

G.

The amount represents the CET1 available after meeting the resolution Group's minimum capital requirements on CET1 and TLAC. The minimum capital requirement on CET1 reflects the anticipation of article 104a(4) of CRD V application consistently with what reported in the Own Funds section, table "2021 Capital requirements and buffers for UniCredit group".

H.

The amount of €324,325 million represents the total amount of excluded liabilities referred to in CRR2 article 72a(2) and mainly consists of covered and preferential deposits, sight and short-term deposits with an original maturity of less than one year, secured liabilities, liabilities arising from derivatives and from debt instruments with embedded derivatives.

Own Funds

Template EU TLAC 3 - Resolution entity - Creditor rating*

	INSOLVENCY RANKING (A)	1	2	3	4	
1	DESCRIPTION OF THE INSOLVENCY RANKING	EQUITY	SUBORDINATED DEBTS (D)	SENIOR UNPREFERRED DEBTS	UNSECURED DEBTS	TOTAL
2	Total liabilities and Own Funds (B)	51,241	16,115	11,943	46,000	**125,299**
3	*of which: excluded liabilities*	-	-	-	18,293	**18,293**
4	Total liabilities and Own Funds less excluded liabilities	51,241	16,115	11,943	27,707	**107,006**
5	*Subset of row 4 that are Own Funds and liabilities potentially eligible for meeting TLAC (C)*	51,241	14,520	9,110	14,524	**89,395**
6	*of which: - residual maturity ≥ 1 year < 2 years*	-	106	4,141	2,881	**7,128**
7	*- residual maturity ≥ 2 year < 5 years*	-	-	2,994	5,958	**8,952**
8	*- residual maturity ≥ 5 years < 10 years*	-	2,984	1,975	4,725	**9,684**
9	*- residual maturity ≥ 10 years but excluding perpetual securities*	-	4,586	-	960	**5,546**
10	*- perpetual securities*	51,241	6,595	-	-	**57,836**

Notes to the template "TLAC 3: Resolution entity - Creditor ranking"

(*) Information included in the template is reported at resolution entity level. According to the resolution strategy defined for UniCredit group, the Parent company represents the single entry point and the amounts refer to capital and liabilities issued by UniCredit S.p.A. at individual level. This template provides information on all liabilities ranking lower than or pari passu to eligible liabilities, including own funds and other capital instruments, showing the distribution of liabilities across the hierarchy of claims.

A.

The Insolvency Ranking is consistent with the provisions of articles 111 and subsequent of Insolvency Law and of article 91 par 1 and 1-bis of Legislative Decree 385/1993 included in Annex 3b - "Insolvency Ranking in the jurisdictions of the Banking Union" published by SRB (Single Resolution Board), in force for Italy from 1 January 2019.

B.

The amounts included in row 2 are referred to the outstanding amount comprehensive of accruals interests and intragroup position. It is specified that the total Equity is expressed considering the share Capital and reserves not including Own Funds deductions, while for derivatives, included in column 4 "Unsecured debts", it is considered the fair value as reported in the balance sheet.

C.

The amount included in row 5 is different from the one included in row 4 because of the liabilities that do not satisfy the computable conditions defined in CRR2 article 72a, mainly related to intragroup liabilities and liabilities with residual maturity less than one year as at 31 December 2021. It is specified that the amount included in the column total of the row is different from the value included in row 18 of template TLAC1 "TLAC composition (at resolution Group level)", in which the amount of the consolidated Own Funds for TLAC calculation is considered.

D.

The category includes Additional Tier 1 Capital (AT1) and Tier 2 Capital (T2) instruments; the ranking is determined by the contractual provisions governing each instrument.
The amount of Subordinated debts (column 2, of which in row 5) is different from the sum of the maturity breakdown included in rows 6, 7, 8, 9 and 10 for the inclusion of Subordinated instruments included in Own Funds and hence TLAC eligible with residual maturity less than one year.

Own Funds

Countercyclical capital buffers

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

(€ million)

DESCRIPTION		a
1	Total risk exposure amount	321,992
2	Institution specific countercyclical capital buffer rate	0.05%
3	Institution specific countercyclical capital buffer requirement	161

Own Funds

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(€ million)

	a	b	c	d	e	f	g	h	i	j	k	l	m
	12.31.2021												
	GENERAL CREDIT EXPOSURES		RELEVANT CREDIT EXPOSURES – MARKET RISK				OWN FUNDS REQUIREMENTS						
BREAKDOWN BY COUNTRY	EXPOSURE VALUE UNDER THE STANDARDISED APPROACH	EXPOSURE VALUE UNDER THE IRB APPROACH	SUM OF LONG AND SHORT POSITION OF TRADING BOOK FOR SA	VALUE OF TRADING BOOK EXPOSURE FOR INTERNAL MODELS	SECURITISATION EXPOSURES VALUE FOR NON-TRADING BOOK	TOTAL EXPOSURE VALUE	RELEVANT CREDIT RISK EXPOSURES - CREDIT RISK	RELEVANT CREDIT EXPOSURES – MARKET RISK	RELEVANT CREDIT EXPOSURES – SECURITISATION POSITIONS IN THE NON-TRADING BOOK	TOTAL	RISK-WEIGHTED EXPOSURE AMOUNTS	OWN FUNDS REQUIREMENT WEIGHTS (%)	COUNTERCYCLICAL CAPITAL BUFFER RATE (%)
ABU DHABI	127	859	-	0	-	986	24	-	-	24	304	0.12	0.000%
ALGERIA	0	70	-	-	-	70	7	-	-	7	93	0.04	0.000%
ARGENTINA	1	4	-	-	-	5	0	-	-	0	3	0.00	0.000%
ARMENIA	0	3	-	-	-	3	0	-	-	0	4	0.00	0.000%
AUSTRALIA	10	5	-	1	3	19	1	0	0	1	14	0.01	0.000%
AUSTRIA	7,065	54,133	5	28	329	61,560	1,518	2	3	1,524	19,048	7.58	0.000%
AZERBAIJAN	0	191	-	-	-	191	1	-	-	1	18	0.01	0.000%
BAHAMA ISLANDS	67	-	-	-	-	67	1	-	-	1	12	0.00	0.000%
BAHREIN	0	8	-	-	-	8	1	-	-	1	10	0.00	0.000%
BANGLADESH	13	104	-	-	-	117	14	-	-	14	172	0.07	0.000%
BELARUS	37	2	-	-	-	39	1	-	-	1	10	0.00	0.000%
BELGIUM	175	1,358	0	8	-	1,541	76	0	-	76	951	0.38	0.000%
BERMUDA	726	242	0	-	-	967	21	0	-	21	260	0.10	0.000%
BOSNIA AND HERCEGOVINA	2,401	1	-	-	-	2,403	120	-	-	120	1,499	0.60	0.000%
BRAZIL	18	47	-	0	-	65	4	-	-	4	44	0.02	0.000%
BRITISH VIRGIN ISLANDS	0	8	-	-	-	8	0	-	-	0	0	0.00	0.000%
BULGARIA	1,715	7,009	-	1	1	8,725	382	0	-	382	4,780	1.90	0.500%
CANADA	142	221	-	6	-	370	15	0	-	16	195	0.08	0.000%
CAYMAN ISLANDS	23	5	0	-	-	28	3	0	-	3	40	0.02	0.000%
CHILE	3	1	-	0	-	4	0	-	-	0	3	0.00	0.000%
CHINA	531	45	-	0	-	576	44	-	-	44	546	0.22	0.000%
COLOMBIA	0	8	-	-	-	8	0	-	-	0	5	0.00	0.000%
COSTA RICA	2	14	-	-	-	15	0	-	-	0	6	0.00	0.000%
CROATIA	7,865	163	-	2	-	8,030	430	0	-	430	5,372	2.14	0.000%
CUBA	0	4	-	-	-	4	0	-	-	0	1	0.00	0.000%
CYPRUS	198	197	-	-	-	395	14	-	-	14	179	0.07	0.000%
CZECH REPUBLIC	1,707	15,004	-	4	-	16,715	695	0	-	696	8,695	3.46	0.500%
DENMARK	25	530	-	12	-	567	24	0	-	24	298	0.12	0.000%
ECUADOR	0	1	-	-	-	2	0	-	-	0	5	0.00	0.000%
EGYPT	183	205	-	-	-	387	12	-	-	12	154	0.06	0.000%
ESTONIA	1	40	-	0	-	42	2	0	-	2	21	0.01	0.000%
ETHIOPIA	114	0	-	-	-	114	0	-	-	0	1	0.00	0.000%
FINLAND	40	1,107	-	2	-	1,149	33	0	-	33	416	0.17	0.000%
FRANCE	1,088	7,111	0	150	1,226	9,575	267	8	10	285	3,556	1.42	0.000%
GEORGIA	5	6	-	-	-	11	1	-	-	1	13	0.00	0.000%
GERMANY	9,975	114,778	8	129	3,781	128,671	3,133	11	42	3,185	39,812	15.85	0.000%
GHANA	0	2	-	-	-	2	1	-	-	1	7	0.00	0.000%
GREECE	10	110	-	-	3	123	3	-	0	3	36	0.01	0.000%

Own Funds

continued: Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

(€ million)

	a	b	c	d	e	f	g	h	i	j	k	l	m
	12.31.2021												
	GENERAL CREDIT EXPOSURES		RELEVANT CREDIT EXPOSURES – MARKET RISK				OWN FUNDS REQUIREMENTS						
BREAKDOWN BY COUNTRY	EXPOSURE VALUE UNDER THE STANDARDISED APPROACH	EXPOSURE VALUE UNDER THE IRB APPROACH	SUM OF LONG AND SHORT POSITION OF TRADING BOOK FOR SA	VALUE OF TRADING BOOK EXPOSURE FOR INTERNAL MODELS	SECURITISATION EXPOSURES VALUE FOR NON-TRADING BOOK	TOTAL EXPOSURE VALUE	RELEVANT CREDIT RISK EXPOSURES - CREDIT RISK	RELEVANT CREDIT EXPOSURES – MARKET RISK	RELEVANT CREDIT EXPOSURES – SECURITISATION POSITIONS IN THE NON-TRADING BOOK	TOTAL	RISK-WEIGHTED EXPOSURE AMOUNTS	OWN FUNDS REQUIREMENT WEIGHTS (%)	COUNTERCYCLICAL CAPITAL BUFFER RATE (%)
GUERNSEY	69	19	0	-	-	87	3	0	-	3	34	0.01	0.000%
HONDURAS	6	0	-	-	-	7	0	-	-	0	0	0.00	0.000%
HONG KONG	8	189	-	0	-	197	9	-	-	9	109	0.04	1.000%
HUNGARY	3,426	3,285	-	6	-	6,716	310	1	-	310	3,880	1.54	0.000%
INDIA	87	193	-	0	-	280	11	-	-	11	139	0.06	0.000%
INDONESIA	1	106	-	0	-	107	4	-	-	4	47	0.02	0.000%
IRAN	0	2	-	-	-	2	0	-	-	0	1	0.00	0.000%
IRAQ	0	22	-	-	-	22	0	-	-	0	1	0.00	0.000%
IRELAND	264	571	0	0	4,819	5,654	23	0	88	111	1,392	0.55	0.000%
ISLE OF MAN	0	68	-	-	-	68	4	-	-	4	46	0.02	0.000%
ISRAEL	5	23	-	-	-	28	1	-	-	1	6	0.00	0.000%
ITALY	41,336	156,464	18	268	9,042	207,129	8,455	26	361	8,841	110,514	43.99	0.000%
JAPAN	6	30	-	1	-	37	1	0	-	1	10	0.00	0.000%
JERSEY	0	206	-	-	-	206	6	-	-	6	77	0.03	0.000%
JORDAN	2	25	-	-	-	27	2	-	-	2	25	0.01	0.000%
KAZAKHSTAN	46	3	-	0	-	49	4	0	-	4	51	0.02	0.000%
KENYA	1	2	-	-	-	3	0	-	-	0	3	0.00	0.000%
KUWAIT	0	109	-	-	-	109	3	-	-	3	42	0.02	0.000%
LATVIA	8	40	-	-	-	48	2	-	-	2	25	0.01	0.000%
LEBANON	1	1	-	-	-	2	0	-	-	0	0	0.00	0.000%
LIBERIA	0	336	-	-	-	336	2	-	-	2	24	0.01	0.000%
LIECHTENSTEIN, PRINCIPALITY OF	10	116	0	-	-	126	3	0	-	3	32	0.01	0.000%
LITHUANIA	7	54	-	0	-	62	3	0	-	3	36	0.01	0.000%
LUXEMBOURG	1,138	5,833	3	3	52	7,029	320	2	1	322	4,027	1.60	0.500%
MACEDONIA	2	0	-	-	-	2	0	-	-	0	1	0.00	0.000%
MALAYSIA	4	42	-	-	-	45	2	-	-	2	29	0.01	0.000%
MALTA	28	8	-	-	-	36	2	-	-	2	26	0.01	0.000%
MARSHALL ISLANDS	0	315	-	-	-	315	2	-	-	2	21	0.01	0.000%
MAURITIUS ISLAND	0	18	-	-	-	18	1	-	-	1	8	0.00	0.000%
MEXICO	55	286	-	3	-	344	9	0	-	9	116	0.05	0.000%
MONTENEGRO	19	0	-	-	-	19	2	-	-	2	19	0.01	0.000%
MOROCCO	2	45	-	-	-	47	2	-	-	2	25	0.01	0.000%
NETHERLANDS	547	6,185	11	26	121	6,890	252	2	2	256	3,201	1.27	0.000%
NORWAY	26	1,576	-	6	-	1,608	24	0	-	24	300	0.12	1.000%
OMAN	0	169	-	-	-	169	5	-	-	5	61	0.02	0.000%
PAKISTAN	1	28	-	-	-	29	7	-	-	7	93	0.04	0.000%
PANAMA	526	1	-	-	-	526	0	-	-	0	1	0.00	0.000%
PARAGUAY	0	2	-	-	-	2	0	-	-	0	2	0.00	0.000%

Own Funds

continued: Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

(€ million)

	a	b	c	d	e	f	g	h	i	j	k	l	m
	12.31.2021												
	GENERAL CREDIT EXPOSURES		RELEVANT CREDIT EXPOSURES – MARKET RISK				OWN FUNDS REQUIREMENTS						
BREAKDOWN BY COUNTRY	EXPOSURE VALUE UNDER THE STANDARDISED APPROACH	EXPOSURE VALUE UNDER THE IRB APPROACH	SUM OF LONG AND SHORT POSITION OF TRADING BOOK FOR SA	VALUE OF TRADING BOOK EXPOSURE FOR INTERNAL MODELS	SECURITISATION EXPOSURES VALUE FOR NON-TRADING BOOK	TOTAL EXPOSURE VALUE	RELEVANT CREDIT RISK EXPOSURES - CREDIT RISK	RELEVANT CREDIT EXPOSURES – MARKET RISK	RELEVANT CREDIT EXPOSURES – SECURITISATION POSITIONS IN THE NON-TRADING BOOK	TOTAL	RISK-WEIGHTED EXPOSURE AMOUNTS	OWN FUNDS REQUIREMENT WEIGHTS (%)	COUNTERCYCLICAL CAPITAL BUFFER RATE (%)
PERU	0	5	-	0	-	5	0	-	-	0	5	0.00	0.000%
PHILIPPINES	1	9	-	0	-	10	0	-	-	0	5	0.00	0.000%
POLAND	346	432	-	6	478	1,262	41	1	6	48	603	0.24	0.000%
PORTUGAL	19	741	-	0	26	787	23	0	1	24	301	0.12	0.000%
QATAR	1	461	-	-	-	462	15	-	-	15	191	0.08	0.000%
ROMANIA	4,383	4,116	-	2	-	8,501	434	0	-	434	5,423	2.16	0.000%
RUSSIA	6,411	8,378	-	22	-	14,811	760	3	-	763	9,537	3.80	0.000%
RWANDA	1	-	-	-	-	1	0	-	-	0	1	0.00	0.000%
SAN MARINO	4	24	-	-	-	28	1	-	-	1	18	0.01	0.000%
SAUDI ARABIA	19	235	-	8	-	262	5	1	-	6	73	0.03	0.000%
SENEGAL	20	0	-	-	-	20	0	-	-	0	1	0.00	0.000%
SERBIA	3,020	228	-	-	-	3,248	186	-	-	186	2,323	0.92	0.000%
SINGAPORE	26	1,508	-	1	-	1,535	26	0	-	26	321	0.13	0.000%
SLOVAKIA	783	5,980	-	5	-	6,768	272	1	-	273	3,410	1.36	1.000%
SLOVENIA	1,113	1,084	-	-	-	2,198	98	-	-	98	1,226	0.49	0.000%
SOUTH AFRICAN REPUBLIC	33	115	-	3	-	151	7	0	-	7	94	0.04	0.000%
SOUTH KOREA	6	336	-	0	-	342	8	-	-	8	104	0.04	0.000%
SPAIN	519	4,675	5	44	685	5,927	167	4	10	181	2,259	0.90	0.000%
SRI LANKA	5	6	-	-	-	11	2	-	-	2	23	0.01	0.000%
SWEDEN	74	859	0	1	-	934	28	0	-	28	346	0.14	0.000%
SWITZERLAND	548	6,501	0	89	-	7,138	232	0	-	233	2,909	1.16	0.000%
TAIWAN	9	42	-	-	-	50	1	-	-	1	16	0.01	0.000%
THAILAND	1	18	-	-	-	19	1	-	-	1	8	0.00	0.000%
TUNISIA	2	32	-	-	-	33	6	-	-	6	73	0.03	0.000%
TURKEY	564	1,085	-	437	-	2,086	125	0	-	125	1,559	0.62	0.000%
U.S.A.	1,518	6,731	1	182	455	8,887	343	20	7	370	4,619	1.84	0.000%
UKRAINE	31	24	-	-	-	55	4	-	-	4	48	0.02	0.000%
UNITED KINGDOM	6,268	9,933	0	45	593	16,839	322	2	17	341	4,258	1.69	0.000%
URUGUAY	1	19	-	-	-	20	1	-	-	1	7	0.00	0.000%
UZBEKISTAN	2	49	-	-	-	51	9	-	-	9	112	0.04	0.000%
VIET-NAM	6	202	-	-	-	207	21	-	-	21	267	0.11	0.000%
Other States	82	15	0	0	-	97	6	0	-	6	69	0.03	0.000%
TOTAL	**107,714**	**433,810**	**51**	**1,503**	**21,612**	**564,690**	**19,465**	**85**	**547**	**20,097**	**251,216**		

Own Funds requirements and risk weighted exposure amounts

Overview of RWEAs (comment to the EU OV1 Template)
The total amount of RWEAs as of fourth quarter 2021, equal to €322 billion, shows a decrease with reference to the previous quarter for approximately -€6.1 billion.
In particular, Credit and Counterparty risk RWEA decrease for approximately -€4.7 billion (that includes rows 1, 6 and 16 excluding row EU 8b) mainly due to:

- decrease equal to -€2.1 billion due to the combined effect of:
  - decrease equal to -€5.9 billion in Standard approach, given the shift to IRB approach of the exposures related to the Italian Consumer portfolio, following the implementation of the new Private Individuals model;
  - increase equal to +€3.8 billion in IRB Approach due to: (i) exposures' inflow from standard, as per previous point; (ii) positive business dynamics in Central Europe, partially offset by (iii) benefits coming from new securitisations, (iv) State guarantees in Italy and (v) the outflow from IRB perimeter of the Leasing portfolio in Germany, now evaluated according to the standard approach;
- positive evolution of internal ratings and net flows to default, mostly in Germany and Italy (-€1.3 billion) and changes of risk parameters in Italy, Central Europe, and Germany (-€2.6 billion);
- decrease equal to -€2 billion in "Changes in fair value of portfolio hedged items (+/-)" item, as represented under the EU LI1 template reported in Scope of application chapter;
- decrease equal to -€0.4 billion for regulatory changes, driven by the recognition of Bosnia and Herzegovina as third equivalent country according to the Commission Implementing Decision (EU) 2021/1753 of 1 October 2021;
- the decrease in Credit and Counterparty risk RWEA was partially offset by +€3.4 billion increase due to the combined effect of:
  - increase equal to +€4.6 billion for model updates, especially led by: (i) new Italian Private Individuals model, (ii) Group Wide Banks model, which embedded the TRIM (Targeted Review of Internal Models) outcome and (iii) new Small Business, Commercial Real Estate Finance (CREF) and Private Individuals models in Germany;
  - decrease equal to -€1.2 billion for the reduction of the temporary measures on credit risk internal models given the outlined model update.
- increase equal to +€0.3 billion related to other effects.

The Market risk RWEA decreased for -€0.6 billion (that includes rows EU 8b,15 and 20), mainly driven by:

- decrease in the FX risk, as the Overall Net Foreign Exchange Position did not exceed the 2% Own Funds threshold (de minimis test);
- partially offset by the increase for IMOD, led by: (i) Commodity risk in the Trading Book of UniCredit Bank AG (reflecting an increase of volatility in the Energy market) and (ii) higher exposures on Republic of Italy at UniCredit S.p.A.

The Operational risk RWEA lowered for -€0.8 billion, mainly driven by: (i) effects of past disposals; (ii) decreasing trend of losses on frauds, partially compensated by (iii) provisions recognised in the fourth quarter 2021.

Own Funds requirements and risk weighted exposure amounts

Template EU OV1 - Overview of risk weighted exposure amounts

(€ million)

	DESCRIPTION	RISK WEIGHTED EXPOSURE AMOUNTS (RWEAs) a 12.31.2021	b 09.30.2021	TOTAL OWN FUNDS REQUIREMENTS c 12.31.2021
1	**Credit risk (excluding CCR)**	**264,715**	**269,107**	**21,177**
2	*Of which the standardised approach*	*90,558*	*98,964*	*7,245*
3	*Of which the foundation IRB (F-IRB) approach*	*12,639*	*12,678*	*1,011*
4	*Of which slotting approach*	*5,535*	*5,040*	*443*
EU 4a	*Of which equities under the simple risk weighted approach*	*1,302*	*1,298*	*104*
5	*Of which the advanced IRB (A-IRB) approach*	*148,785*	*144,127*	*11,903*
6	**Counterparty credit risk - CCR**	**12,861**	**12,936**	**1,029**
7	*Of which the standardised approach*	*1,991*	*2,050*	*159*
8	*Of which internal model method (IMM)*	*9,215*	*9,366*	*737*
EU 8a	*Of which exposures to a CCP*	*258*	*195*	*21*
EU 8b	*Of which credit valuation adjustment - CVA*	*1,350*	*1,284*	*108*
9	*Of which other CCR*	*47*	*40*	*4*
10	*Not applicable*			
11	*Not applicable*			
12	*Not applicable*			
13	*Not applicable*			
14	*Not applicable*			
15	**Settlement risk**	**62**	**62**	**5**
16	**Securitisation exposures in the non-trading book (after the cap)**	**6,839**	**6,995**	**547**
17	*Of which SEC-IRBA approach*	*1,596*	*1,449*	*128*
18	*Of which SEC-ERBA (including IAA)*	*2,749*	*3,117*	*220*
19	*Of which SEC-SA approach*	*2,494*	*2,428*	*200*
EU 19a	*Of which 1250%/ deduction*	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**6,855**	**7,481**	**548**
21	*Of which the standardised approach*	*842*	*2,668*	*67*
22	*Of which IMA*	*6,013*	*4,814*	*481*
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**30,661**	**31,435**	**2,453**
EU 23a	*Of which basic indicator approach*	*1,267*	*1,882*	*101*
EU 23b	*Of which standardised approach*	*2,435*	*2,858*	*195*
EU 23c	*Of which advanced measurement approach*	*26,958*	*26,696*	*2,157*
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)**	**18,284**	**18,132**	**1,463**
25	*Not applicable*			
26	*Not applicable*			
27	*Not applicable*			
28	*Not applicable*			
29	**Total**	**321,992**	**328,016**	**25,759**

Starting from June 2020, UniCredit group decided to apply the transitional regime connected to the introduction of IFRS9 accounting principle in accordance with the article 473a of Regulation (EU) 873/2020 that amends Regulation (EU) 876/2019 in recommendation to mitigate impacts in consideration of Covid-19 emergency.
The amount weighted at 250% reported in template above (Item 24 “Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)”) includes the effects related to the abovementioned transitional adjustments and in particular reflects the exclusion of the deferred tax assets that rely on future profitability and arise from temporary differences referred to IFRS9.
With reference to 31 December 2021, UniCredit exceeds the thresholds (17.65% of Common Equity Tier 1 Capital) related to significant investments in CET1 instruments issued by financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences, generating a capital deduction from Common Equity Tier 1 Capital of €235 million.

Own Funds requirements and risk weighted exposure amounts

Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.1)

(€ million)

SPECIALISED LENDING: PROJECT FINANCE (SLOTTING APPROACH)								
REGULATORY CATEGORIES	REMAINING MATURITY	ON-BALANCE SHEET EXPOSURE	OFF-BALANCE SHEET EXPOSURE	RISK WEIGHT	EXPOSURE POST CCF AND POST CRM	RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT
		a	b	c	d	e	f
Category 1	Less than 2.5 years	6	1	50%	7	3	-
	Equal to or more than 2.5 years	170	17	70%	173	121	1
Category 2	Less than 2.5 years	8	1	70%	8	6	0
	Equal to or more than 2.5 years	27	14	90%	34	31	0
Category 3	Less than 2.5 years	1	-	115%	1	1	0
	Equal to or more than 2.5 years	2	0	115%	2	3	0
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	1	1	-	2	-	1
	Equal to or more than 2.5 years	4	1	-	5	-	2
Total as at 12.31.2021	**Less than 2.5 years**	**16**	**2**		**17**	**10**	**1**
	Equal to or more than 2.5 years	**203**	**32**		**214**	**154**	**3**
Total as at 06.30.2021	**Less than 2.5 years**	**13**	**7**		**14**	**9**	**0**
	Equal to or more than 2.5 years	**277**	**47**		**288**	**227**	**13**

Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.2)

(€ million)

SPECIALISED LENDING: INCOME-PRODUCING REAL ESTATE AND HIGH VOLATILITY COMMERCIAL REAL ESTATE (SLOTTING APPROACH)							
REGULATORY CATEGORIES	REMAINING MATURITY	ON-BALANCE SHEET EXPOSURE	OFF-BALANCE SHEET EXPOSURE	RISK WEIGHT	EXPOSURE POST CCF AND POST CRM	RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT
		a	b	c	d	e	f
Category 1	Less than 2.5 years	437	81	50%	494	240	-
	Equal to or more than 2.5 years	1,421	82	70%	1,455	973	6
Category 2	Less than 2.5 years	1,609	292	70%	1,793	1,231	7
	Equal to or more than 2.5 years	1,386	690	90%	1,793	1,528	14
Category 3	Less than 2.5 years	519	162	115%	633	703	18
	Equal to or more than 2.5 years	205	105	115%	283	308	8
Category 4	Less than 2.5 years	132	45	250%	151	353	12
	Equal to or more than 2.5 years	16	-	250%	16	35	1
Category 5	Less than 2.5 years	194	1	-	194	-	97
	Equal to or more than 2.5 years	106	1	-	106	-	53
Total as at 12.31.2021	**Less than 2.5 years**	**2,890**	**581**		**3,266**	**2,527**	**134**
	Equal to or more than 2.5 years	**3,133**	**878**		**3,653**	**2,844**	**83**
Total as at 06.30.2021	**Less than 2.5 years**	**2,688**	**393**		**2,930**	**2,467**	**153**
	Equal to or more than 2.5 years	**1,977**	**783**		**2,406**	**2,253**	**94**

Own Funds requirements and risk weighted exposure amounts

Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.3)

(€ million)

SPECIALISED LENDING: OBJECT FINANCE (SLOTTING APPROACH)								
REGULATORY CATEGORIES	REMAINING MATURITY	ON-BALANCE SHEET EXPOSURE	OFF-BALANCE SHEET EXPOSURE	RISK WEIGHT	EXPOSURE POST CCF AND POST CRM	RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT
		a	b	c	d	e	f
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	-	-	70%	-	-	-
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	-	-	90%	-	-	-
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	-	-	115%	-	-	-
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
Total as at 12.31.2021	**Less than 2.5 years**	**-**	**-**		**-**	**-**	**-**
	Equal to or more than 2.5 years	**-**	**-**		**-**	**-**	**-**
Total as at 06.30.2021	**Less than 2.5 years**	**57**	**-**		**57**	**40**	**0**
	Equal to or more than 2.5 years	**151**	**-**		**151**	**134**	**3**

Note:
The template CR10.4 is not disclosed because UniCredit doesn't have exposures in "Specialised lending: commodities finance (slotting approach) as at 31 December 2021.

Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.5)

(€ million)

EQUITY EXPOSURES UNDER THE SIMPLE RISK-WEIGHTED APPROACH						
CATEGORIES	ON-BALANCE SHEET EXPOSURE	OFF-BALANCE SHEET EXPOSURE	RISK WEIGHT	EXPOSURE POST CCF AND POST CRM	RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT
	a	b	c	d	e	f
Private equity exposures	314	-	190%	314	596	3
Exchange-traded equity exposures	7	-	290%	7	22	0
Other equity exposures	182	3	370%	185	684	4
Total as at 12.31.2021	**503**	**3**		**506**	**1,302**	**7**
Total as at 06.30.2021	**410**	**3**		**419**	**1,049**	**6**

Template EU MR1 - Market risk under the standardised approach

(€ million)

	DESCRIPTION	a RWEAs
	Outright products	
1	Interest rate risk (general and specific)	796
2	Equity risk (general and specific)	36
3	Foreign exchange risk	-
4	Commodity risk	2
	Options	
5	Simplified approach	-
6	Delta-plus approach	0
7	Scenario approach	-
8	Securitisation (specific risk)	7
9	**Total as at 12.31.2021**	**842**
	Total as at 06.30.2021	**2,562**

Own Funds requirements and risk weighted exposure amounts

Risk Weighted Exposure Amounts segmentation

(€ million)

	RWEAs	
CATEGORIES	12.31.2021	12.31.2020
Total RWEAs	**321,992**	**325,665**
A. Credit and Counterparty Risk	**283,065**	**283,578**
A.1 Italy	114,317	120,516
A.2 Germany	67,107	62,235
A.3 Central Europe	51,626	45,019
A.4 Eastern Europe	32,817	32,613
A.5 Group Corporate Centre	16,837	16,510
A.6 Non Core	361	6,686
B. Market Risk	**8,267**	**11,217**
B.1 Italy	1,152	823
B.2 Germany	6,076	7,338
B.3 Central Europe	500	409
B.4 Eastern Europe	478	497
B.5 Group Corporate Centre	62	2,149
B.6 Non Core	-	0
C. Operational Risk	**30,661**	**30,871**
C.1 Italy	10,282	9,859
C.2 Germany	8,790	9,033
C.3 Central Europe	4,661	4,541
C.4 Eastern Europe	3,492	3,379
C.5 Group Corporate Centre	3,435	3,103
C.6 Non Core	-	955

Notes:
- 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.
- The amount in row A "Credit and Counterparty Risk" is consistent with the sum of the following rows of the EU OV1 template:
  - row 1 "Credit risk";
  - row 6 "Counterparty credit risk" excluding the row EU 8b "Of which credit valuation adjustment (CVA)";
  - row 16 "Securitisation exposures in the non-trading book".
- The amount in row B "Market Risk" is consistent with the sum of the following rows of the EU OV1 template:
  - row 20 "Position, foreign exchange and commodities risks (Market risk)";
  - row 15 "Settlement risk";
  - row EU 8b "Of which credit valuation adjustment (CVA)".

Own Funds requirements and risk weighted exposure amounts

Ytd changes in Risk Weighted Exposure Amounts - business segment

(€ million)

CATEGORIES	RWEAs - CHANGES IN FY 2021 GROUP	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	GROUP CORPORATE CENTRE[1]
Total RWEAs, opening balances	**325,665**	**131,198**	**78,606**	**49,969**	**36,489**	**29,404**
Acquisitions (+)/Dismissal (-)[2]	**(670)**	**-**	**-**	**-**	**-**	**(670)**
of which: *- Credit and counterparty risk*	*(628)*	*-*	*-*	*-*	*-*	*(628)*
- Market risk	*-*	*-*	*-*	*-*	*-*	*-*
- Operational risk	*(43)*	*-*	*-*	*-*	*-*	*(43)*
A. Credit and counterparty risk changes	**115**	**(6,198)**	**4,872**	**6,607**	**205**	**(5,370)**
A.1 Asset size	(11,195)	(8,866)	1,262	1,701	429	(5,721)
A.2 Asset quality	(4,759)	(3,161)	(1,487)	43	205	(359)
A.3 Model updates	17,867	7,867	4,616	5,329	(326)	381
A.4 Methodology and policy	(194)	188	52	(230)	(686)	482
A.5 Foreign exchange movements	2,286	350	603	563	610	159
A.6 Other	(3,888)	(2,576)	(174)	(799)	(27)	(312)
B. Market risk changes	**(2,950)**	**328**	**(1,262)**	**91**	**(20)**	**(2,088)**
B.1 Regulatory changes	-	-	-	-	-	-
B.2 Book evolution	(331)	(136)	(222)	34	(31)	24
B.3 Other changes	(2,619)	464	(1,040)	57	11	(2,111)
C. Operational risk changes	**(167)**	**423**	**(243)**	**120**	**114**	**(581)**
Total RWEAs, closing balances	**321,992**	**125,751**	**81,973**	**56,787**	**36,787**	**20,695**

Notes:
1. Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments.
2.Acquisition (+)/Dismissal (-): Acquisition/Dismissal of consolidated subsidiaries

Definitions
A.1.Asset size: Impact on RWEA caused by change in Exposure At Default
A.2.Asset quality: Impact of Probability of Default/Loss Given Default/Exposure At Default given by re-rating of customer due to recalibration and migrations
A.3.Model Updates: Impact coming from Rollout, model and methodology changes
A.4.Methodology and policy: Impact of new/updated regulation and of specific feedback from the Supervisor
A.5.Foreign exchange movements: Impact of fx rate fluctuations
B.1.Regulatory Changes: Impact of new/updated regulation and of specific feedbacks from the Supervisor
B.2.Book Evolution: Changes due to business evolution and market indicators

Credit risk

Non-performing and forborne exposures

The present section includes the disclosure requirements in according to Regulation (EU) 637/2021 (with reference to CRR2 article 442) and EBA "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis" (EBA/GL/2020/07), shown in coherence with the FINREP submission as of 31 December 2021.
The signs in the tables below are coherent with the related Regulatory Reporting (FINREP, Asset Encumbrance e ECB Covid Reporting). Respect the previous periods the values regarding impairment are presented with "-" sign.

Template EU CQ1 - Credit quality of forborne exposures

(€ million)

		a	b	c	d	e	f	g	h
		GROSS CARRYING AMOUNT/NOMINAL AMOUNTOF EXPOSURES WITH FORBEARANCE MEASURES				ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS		COLLATERALS RECEIVED AND FINANCIAL GUARANTEES RECEIVED ON FORBORNE EXPOSURES	
			NON-PERFORMING FORBORNE						
DESCRIPTION		PERFORMING FORBORNE		OF WHICH DEFAULTED	OF WHICH IMPAIRED	ON PERFORMING FORBORNE EXPOSURES	ON NON-PERFORMING FORBORNE EXPOSURES		OF WHICH COLLATERAL AND FINANCIAL GUARANTEES RECEIVED ON NON-PERFORMING EXPOSURES WITH FORBEARANCE MEASURES
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	8,457	8,213	8,213	8,171	(850)	(4,126)	8,512	2,916
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	12	34	34	34	(0)	(17)	5	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	182	737	737	726	(13)	(334)	212	62
060	Non-financial corporations	6,184	5,681	5,681	5,650	(661)	(3,056)	5,697	1,909
070	Households	2,080	1,761	1,761	1,761	(177)	(719)	2,598	945
080	Debt Securities	-	3	3	-	-	(2)	-	-
090	Loan commitments given	947	326	326	326	(9)	(48)	400	64
100	**Total as at 12.31.2021**	**9,404**	**8,543**	**8,543**	**8,497**	**(859)**	**(4,176)**	**8,912**	**2,981**
	Total as at 06.30.2021	**7,680**	**10,352**	**10,352**	**10,238**	**(456)**	**(5,448)**	**7,638**	**3,288**

Note:
In coherence with the UniCredit group approach, the non-performing exposures are equal to defaulted.

Template EU CQ2 - Quality of forbearance

(€ million)

		a	
DESCRIPTION		GROSS CARRYING AMOUNT OF FORBORNE EXPOSURES AS AT 12.31.2021	GROSS CARRYING AMOUNT OF FORBORNE EXPOSURES AS AT 06.30.2021
010	Loans and advances that have been forborne more than twice	1,899	2,766
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	389	1,102

Credit risk

Template EU CQ3 - Credit quality of performing and non-performing exposures by past due days

(€ million)

		a	b	c	d	e	f
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT					
		PERFORMING EXPOSURES			NON-PERFORMING EXPOSURES		
DESCRIPTION			NOT PAST DUE OR PAST DUE <= 30 DAYS	PAST DUE > 30 DAYS <= 90 DAYS		UNLIKELY TO PAY THAT ARE NOT PAST-DUE OR PAST DUE <= 90 DAYS	PAST DUE > 90 DAYS <= 180 DAYS
005	Cash balances at central banks and other demand deposits	149,405	149,371	34	-	-	-
010	Loans and advances	467,122	466,124	997	16,430	9,692	585
020	Central banks	8,518	8,518	0	-	-	-
030	General governments	24,991	24,764	226	473	244	7
040	Credit institutions	23,567	23,550	17	5	-	-
050	Other financial corporations	53,857	53,811	46	1,093	762	49
060	Non-financial corporations	227,518	227,164	354	10,640	6,771	246
070	*of which SMEs*	*69,038*	*68,881*	*158*	*5,114*	*2,916*	*119*
080	Households	128,671	128,316	355	4,219	1,914	283
090	Debt securities	149,624	149,624	-	108	106	-
100	Central banks	3	3	-	-	-	-
110	General governments	111,106	111,106	-	5	5	-
120	Credit institutions	21,351	21,351	-	-	-	-
130	Other financial corporations	12,236	12,236	-	100	98	-
140	Non-financial corporations	4,928	4,928	-	3	3	-
150	Off balance sheet exposures	347,762			2,997		
160	Central banks	458			-		
170	General governments	7,697			46		
180	Credit institutions	30,213			-		
190	Other financial corporations	49,910			157		
200	Non-financial corporations	242,243			2,725		
210	Households	17,240			68		
220	**Total as at 12.31.2021**	**1,113,913**	**765,119**	**1,032**	**19,536**	**9,799**	**585**
	Total as at 06.30.2021	**1,147,408**	**810,808**	**1,097**	**25,382**	**11,275**	**942**

Credit risk

continued: Template EU CQ3 - Credit quality of performing and non-performing exposures by past due days

(€ million)

	DESCRIPTION	g	h	i	j	k	l
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT					
		NON-PERFORMING EXPOSURES					
		PAST DUE > 180 DAYS <= 1 YEAR	PAST DUE > 1 YEAR <= 2 YEARS	PAST DUE > 2 YEAR <= 5 YEARS	PAST DUE > 5 YEAR <= 7 YEARS	PAST DUE > 7 YEARS	OF WHICH DEFAULTED
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-
010	Loans and advances	949	1,180	2,228	658	1,138	16,430
020	Central banks	-	-	-	-	-	-
030	General governments	109	2	67	14	29	473
040	Credit institutions	1	-	4	-	0	5
050	Other financial corporations	61	17	76	3	125	1,093
060	Non-financial corporations	326	598	1,498	519	682	10,640
070	*of which SMEs*	*228*	*366*	*768*	*301*	*416*	*5,114*
080	Households	452	563	583	122	302	4,219
090	Debt securities	-	-	2	-	-	108
100	Central banks	-	-	-	-	-	-
110	General governments	-	-	-	-	-	5
120	Credit institutions	-	-	-	-	-	-
130	Other financial corporations	-	-	2	-	-	100
140	Non-financial corporations	-	-	-	-	-	3
150	Off balance sheet exposures						2,997
160	Central banks						-
170	General governments						46
180	Credit institutions						-
190	Other financial corporations						157
200	Non-financial corporations						2,725
210	Households						68
220	**Total as at 12.31.2021**	**949**	**1,180**	**2,230**	**658**	**1,138**	**19,536**
	Total as at 06.30.2021	**944**	**1,749**	**2,978**	**1,319**	**2,597**	**25,382**

Note:
The template above does not include the Held for Trading portfolio.

Credit risk

Template EU CQ4 - Quality of non-performing exposures by geography

(€ million)

		a	b	c	d	e	f	g
		GROSS CARRYING/NOMINAL AMOUNT						
			OF WHICH NON-PERFORMING					
DESCRIPTION				OF WHICH DEFAULTED	OF WHICH SUBJECT TO IMPAIRMENT	ACCUMULATED IMPAIRMENT	PROVISIONS ON OFF-BALANCE SHEET COMMITMENTS AND FINANCIAL GUARANTEE GIVEN	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
010	**On balance sheet exposures**	**633,284**	**16,538**	**16,538**	**623,585**	**(13,362)**		**(91)**
020	ITALY	233,428	7,944	7,944	232,774	(6,745)		(74)
030	GERMANY	120,328	2,012	2,012	114,332	(1,151)		(10)
040	AUSTRIA	63,323	1,668	1,668	62,315	(1,317)		-
050	CZECH REPUBLIC	18,931	360	360	18,931	(318)		-
060	SPAIN	23,705	77	77	23,559	(32)		-
070	OTHER COUNTRIES	173,568	4,478	4,478	171,673	(3,799)		(7)
080	**Off balance sheet exposures**	**350,759**	**2,997**	**2,997**			**1,427**	
090	ITALY	124,536	1,511	1,511			403	
100	GERMANY	87,863	761	761			423	
110	AUSTRIA	29,147	338	338			204	
120	FRANCE	13,868	6	6			8	
130	U.S.A.	13,952	10	10			14	
140	OTHER COUNTRIES	81,394	371	371			376	
150	**Total as at 12.31.2021**	**984,044**	**19,535**	**19,535**	**623,585**	**(13,362)**	**1,427**	**(91)**
	Total as at 06.30.2021	**992,085**	**25,382**	**25,382**	**640,666**	**(16,485)**	**1,372**	**(142)**

Notes:
- In coherence with the UniCredit group approach, the non-performing exposures are equal to defaulted.
- The template above:
  - does not include the Held for Trading portfolio;
  - does not include the item “Cash balances at central banks and other demand deposits”.

Credit risk

Template EU CQ5 - Credit quality of loans and advances by industry

(€ million)

	DESCRIPTION	a	b	c	d	e	f
		GROSS CARRYING AMOUNT					
			OF WHICH NON-PERFORMING				
				OF WHICH DEFAULTED	OF WHICH LOANS AND ADVANCES SUBJECT TO IMPAIRMENT	ACCUMULATED IMPAIRMENT	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
010	Agriculture, forestry and fishing	3,836	198	198	3,836	(187)	-
020	Mining and quarrying	3,877	48	48	3,877	(71)	-
030	Manufacturing	58,863	2,474	2,474	58,827	(1,999)	(3)
040	Electricity, gas, steam and air conditioning supply	11,611	111	111	11,600	(145)	(2)
050	Water supply	1,898	70	70	1,898	(65)	-
060	Construction	14,450	1,401	1,401	14,058	(1,034)	(11)
070	Wholesale and retail trade	42,351	1,520	1,520	42,350	(1,326)	(0)
080	Transport and storage	13,089	697	697	13,087	(700)	-
090	Accommodation and food service activities	4,652	519	519	4,647	(418)	-
100	Information and communication	8,752	216	216	8,751	(177)	(0)
110	Real estate activities	42,253	1,636	1,636	42,140	(1,275)	(5)
120	Financial and insurance actvities	2,105	109	109	2,105	(97)	-
130	Professional, scientific and technical activities	13,580	406	406	13,563	(329)	-
140	Administrative and support service activities	5,982	725	725	5,982	(290)	-
150	Public administration and defense, compulsory social security	861	2	2	861	(1)	-
160	Education	294	5	5	294	(5)	-
170	Human health services and social work activities	3,804	246	246	3,801	(140)	-
180	Arts, entertainment and recreation	1,477	76	76	1,477	(77)	-
190	Other services	4,423	182	182	4,416	(139)	-
200	**Total as at 12.31.2021**	**238,159**	**10,640**	**10,640**	**237,571**	**(8,475)**	**(22)**
	Total as at 06.30.2021	**245,051**	**14,557**	**14,557**	**244,230**	**(10,782)**	**(82)**

Notes:
- In coherence with the UniCredit group approach, the non-performing exposures are equal to defaulted.
- The template above does not include the Held for Trading portfolio.

Template EU CQ6 - Collateral valuation - loans and advances

(€ million)

	DESCRIPTION	a	b	c	d	e	f
		LOANS AND ADVANCES					
			PERFORMING		NON PERFORMING		
				OF WHICH: PAST DUE > 30 DAYS <= 90 DAYS		UNLIKELY TO PAY THAT ARE NOT PAST DUE OR PAST DUE <= 90 DAYS	PAST DUE > 90 DAYS
010	Gross carrying amount	483,552	467,122	997	16,430	9,692	6,738
020	*of which: Secured*	*303,239*	*292,764*	*597*	*10,475*	*6,671*	*3,804*
030	*of which: Secured with immovable property*	*169,430*	*163,079*	*261*	*6,351*	*4,295*	*2,056*
040	*of which: Instruments with LTV higher than 60% and lower than 80%*	*41,758*	*40,796*		*962*	*702*	*260*
050	*of which: Instruments with LTV higher than 80% and lower or equal to 100%*	*33,319*	*32,449*		*871*	*581*	*290*
060	*of which: Instruments with LTV higher than 100%*	*25,845*	*23,210*		*2,635*	*1,644*	*991*
070	Accumulated impairment for secured assets	7,663	2,736	52	4,926	2,525	2,401
080	Collateral						
090	*of which: Value capped at the value of exposure*	*201,366*	*197,879*	*479*	*3,487*	*2,599*	*887*
100	*of which: Immovable property*	*145,023*	*141,881*	*378*	*3,142*	*2,314*	*828*
110	*of which: Value above the cap*	*131,111*	*124,773*	*305*	*6,338*	*4,346*	*1,993*
120	*of which: Immovable property*	*112,938*	*107,023*	*293*	*5,915*	*4,076*	*1,840*
130	Financial guarantees received	61,544	59,920	314	1,624	1,195	429
140	Accumulated partial write-off	1,826	0	0	1,826	267	1,559

Credit risk

continued: Template EU CQ6 - Collateral valuation - loans and advances

(€ million)

	DESCRIPTION	g	h	i	j	k	l
		LOANS AND ADVANCES					
		NON PERFORMING					
		PAST DUE > 90 DAYS					
		OF WHICH: PAST DUE > 90 DAYS <= 180 DAYS	OF WHICH: PAST DUE > 180 DAYS <= 1 YEAR	OF WHICH: PAST DUE > 1 YEAR <=2 YEARS	OF WHICH: PAST DUE > 2 YEARS <= 5 YEARS	OF WHICH: PAST DUE > 5 YEARS <= 7 YEARS	OF WHICH: PAST DUE > 7 YEARS
010	Gross carrying amount	585	949	1,180	2,228	658	1,138
020	*of which: Secured*	*408*	*596*	*699*	*1,126*	*310*	*665*
030	*of which: Secured with immovable property*	*287*	*326*	*441*	*539*	*153*	*311*
040	*of which: Instruments with LTV higher than 60% and lower than 80%*						
050	*of which: Instruments with LTV higher than 80% and lower or equal to 100%*						
060	*of which: Instruments with LTV higher than 100%*						
070	Accumulated impairment for secured assets	212	289	392	729	229	550
080	Collateral						
090	*of which: Value capped at the value of exposure*	*150*	*155*	*242*	*235*	*49*	*55*
100	*of which: Immovable property*	*140*	*146*	*220*	*222*	*48*	*51*
110	*of which: Value above the cap*	*326*	*355*	*302*	*439*	*158*	*414*
120	*of which: Immovable property*	*315*	*343*	*282*	*431*	*157*	*312*
130	Financial guarantees received	37	140	45	125	34	47
140	Accumulated partial write-off	1	1	7	113	172	1,265

Template EU CQ7 - Collateral obtained by taking possession and execution processes

(€ million)

	DESCRIPTION	a	b
		COLLATERAL OBTAINED BY TAKING POSSESSION	
		VALUE AT INITIAL RECOGNITION	ACCUMULATED NEGATIVE CHANGES
010	Property Plant and Equipment (PP&E)	1	(1)
020	Other than Property Plant and Equipment	1,244	(709)
030	Residential immovable property	9	(2)
040	Commercial immovable property	609	(88)
050	Movable property	17	(10)
060	Equity and debt instruments	609	(609)
070	Other collateral	-	-
080	**Total as at 12.31.2021**	**1,245**	**(709)**
	Total as at 06.30.2021	**1,305**	**(705)**

Credit risk

Template EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown

(€ million)

		a	b	c	d	e	f
		DEBT BALANCE REDUCTION		TOTAL COLLATERAL OBTAINED BY TAKING POSSESSION			
						FORECLOSED <=2 YEARS	
DESCRIPTION		GROSS CARRYING AMOUNT	ACCUMULATED NEGATIVE CHANGES	VALUE AT INITIAL RECOGNITION	ACCUMULATED NEGATIVE CHANGES	VALUE AT INITIAL RECOGNITION	ACCUMULATED NEGATIVE CHANGES
010	Collateral obtained by taking possession classified as Property Plant and Equipment (PP&E)	1	(1)	1	(1)		
020	Collateral obtained by taking possession other than classified Property Plant and Equipment	3,530	(2,134)	1,244	(709)	900	(471)
030	Residential immovable property	9	(4)	9	(2)	3	(0)
040	Commercial immovable property	1,237	(577)	609	(88)	368	(6)
050	Movable property	22	(10)	17	(10)	7	(2)
060	Equity and debt instruments	2,262	(1,543)	609	(609)	522	(462)
070	Other collateral	-	-	-	-	-	-
080	**Total as at 12.31.2021**	**3,531**	**(2,135)**	**1,245**	**(709)**	**900**	**(471)**
	Total as at 06.30.2021	**3,721**	**(2,267)**	**1,305**	**(705)**	**888**	**(461)**

continued: Template EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown

(€ million)

		g	h	i	j	k	l
		TOTAL COLLATERAL OBTAINED BY TAKING POSSESSION					
		FORECLOSED >2 YEARS <=5 YEARS		FORECLOSED >5 YEARS		OF WHICH: NON-CURRENT ASSETS HELD-FOR-SALE	
DESCRIPTION		VALUE AT INITIAL RECOGNITION	ACCUMULATED NEGATIVE CHANGES	VALUE AT INITIAL RECOGNITION	ACCUMULATED NEGATIVE CHANGES	VALUE AT INITIAL RECOGNITION	ACCUMULATED NEGATIVE CHANGES
010	Collateral obtained by taking possession classified as Property Plant and Equipment (PP&E)	-	-	-	-		
020	Collateral obtained by taking possession other than classified Property Plant and Equipment	193	(55)	151	(183)	1,039	(501)
030	Residential immovable property	3	(1)	3	(1)	-	-
040	Commercial immovable property	176	(49)	65	(33)	556	(49)
050	Movable property	9	(6)	1	(1)	3	(2)
060	Equity and debt instruments	4	-	82	(147)	480	(449)
070	Other collateral	-	-	-	-	-	-
080	**Total as at 12.31.2021**	**193**	**(55)**	**151**	**(183)**	**1,039**	**(501)**
	Total as at 06.30.2021	**250**	**(58)**	**166**	**(185)**	**20**	**(7)**

Credit risk

Template EU CR1 - Performing and non-performing exposures and related provisions

(€ million)

	DESCRIPTION	a	b	c	d	e	f
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT					
		PERFORMING EXPOSURES			NON-PERFORMING EXPOSURES		
			OF WHICH: STAGE 1	OF WHICH: STAGE 2		OF WHICH: STAGE 2	OF WHICH: STAGE 3
005	Cash balances at central banks and other demand deposits	149,405	149,107	297	-		-
010	Loans and advances	467,122	361,215	103,962	16,430		16,352
020	Central banks	8,518	8,518	0	-		-
030	General governments	24,991	20,084	4,138	473		473
040	Credit institutions	23,567	22,686	804	5		5
050	Other financial corporations	53,857	47,792	5,977	1,093		1,083
060	Non-financial corporations	227,518	164,695	62,263	10,640		10,582
070	*of which SMEs*	*69,038*	*46,165*	*22,713*	*5,114*		*5,091*
080	Households	128,671	97,440	30,780	4,219		4,210
090	Debt securities	149,624	139,598	2,389	108		23
100	Central banks	3	-	-	-		-
110	General governments	111,106	106,196	529	5		-
120	Credit institutions	21,351	17,464	1,138	-		-
130	Other financial corporations	12,236	11,691	47	100		23
140	Non-financial corporations	4,928	4,248	674	3		0
150	Off-balance sheet exposures	347,762	183,819	42,873	2,997		2,017
160	Central banks	458	53	-	-		-
170	General governments	7,697	5,751	698	46		46
180	Credit institutions	30,213	10,771	861	-		-
190	Other financial corporations	49,910	30,222	3,846	157		113
200	Non-financial corporations	242,243	129,099	33,268	2,725		1,829
210	Households	17,240	7,923	4,202	68		29
220	**Total as at 12.31.2021**	**1,113,913**	**833,739**	**149,521**	**19,536**		**18,393**
	Total as at 06.30.2021	**1,147,408**	**914,257**	**105,968**	**25,382**		**23,876**

Credit risk

continued: Template EU CR1 - Performing and non-performing exposures and related provisions

(€ million)

	DESCRIPTION	g	h	i	j	k	l	m	n	o
		ACCUMULATED IMPAIRMENT, ACCUMULATED IMPAIRMENT NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS							COLLATERALS AND FINANCIAL GUARANTEES RECEIVED	
		PERFORMING EXPOSURES - ACCUMULATED IMPAIRMENT AND PROVISIONS			NON-PERFORMING EXPOSURES - ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS			ACCUMULATED PARTIAL WRITE-OFF	ON PERFORMING EXPOSURES	ON NON-PERFORMING EXPOSURES
			OF WHICH: STAGE 1	OF WHICH: STAGE 2		OF WHICH: STAGE 2	OF WHICH: STAGE 3			
005	Cash balances at central banks and other demand deposits	(4)	(3)	(0)	(0)		(0)		-	-
010	Loans and advances	(4,386)	(997)	(3,389)	(8,896)		(8,852)	(1,826)	257,799	5,111
020	Central banks	(0)	(0)	-	0		0	-	5,014	-
030	General governments	(67)	(55)	(12)	(66)		(66)	(0)	5,314	332
040	Credit institutions	(8)	(7)	(1)	(5)		(5)	-	10,929	-
050	Other financial corporations	(225)	(100)	(125)	(584)		(576)	(22)	27,458	100
060	Non-financial corporations	(2,336)	(462)	(1,874)	(6,161)		(6,128)	(1,557)	111,653	2,974
070	*of which SMEs*	*(1,144)*	*(175)*	*(969)*	*(2,967)*		*(2,952)*	*(724)*	*49,845*	*1,643*
080	Households	(1,750)	(374)	(1,376)	(2,080)		(2,078)	(247)	97,432	1,706
090	Debt securities	(100)	(65)	(35)	(71)		(10)	-	137	-
100	Central banks	-	-	-	-		-	-	-	-
110	General governments	(17)	(8)	(9)	(5)		-	-	-	-
120	Credit institutions	(4)	(2)	(2)	-		-	-	-	-
130	Other financial corporations	(55)	(52)	(3)	(65)		(10)	-		-
140	Non-financial corporations	(24)	(4)	(20)	(2)		(0)	-	137	-
150	Off-balance sheet exposures	(450)	(203)	(226)	(977)		(856)	-	53,261	600
160	Central banks	(0)	(0)	-	-		-		-	-
170	General governments	(3)	(2)	(1)	(11)		(11)		926	0
180	Credit institutions	(11)	(8)	(2)	-		-		3,130	-
190	Other financial corporations	(49)	(34)	(13)	(78)		(55)		14,457	11
200	Non-financial corporations	(344)	(140)	(186)	(880)		(783)		32,921	578
210	Households	(42)	(18)	(24)	(8)		(8)		1,825	12
220	**Total as at 12.31.2021**	**(4,940)**	**(1,268)**	**(3,650)**	**(9,944)**		**(9,719)**		**311,196**	**5,711**
	Total as at 06.30.2021	**(4,462)**	**(1,476)**	**(2,960)**	**(13,540)**		**(13,267)**		**328,728**	**7,133**

Note:
The template above does not include the Held for Trading portfolio.

Template EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries

(€ million)

	DESCRIPTION	a GROSS CARRYING AMOUNT	b RELATED NET CUMULATED RECOVERIES
010	**Initial stock of non-performing loans and advances as at 06.30.2021**	**21,395**	
020	Inflows to non-performing portfolios	9,193	
030	Outflows from non-performing portfolios	(14,158)	
040	Outflow to performing portfolio	(2,086)	
050	Outflow due to loan repayment, partial or total	(2,359)	
060	Outflow due to collateral liquidations	(321)	251
070	Outflow due to taking possession of collateral	(76)	24
080	Outflow due to sale of instruments	(731)	262
090	Outflow due to risk transfers	-	-
100	Outflows due to write-offs	(2,022)	
110	Outflow due to other situations	(2,920)	
120	Outflow due to reclassification as held for sale	(3,644)	
130	**Final stock of non-performing loans and advances as at 12.31.2021**	**16,430**	

Credit risk

Template EU CR1-A - Maturity of exposures

(€ million)

		a	b	c	d	e	f
		NET EXPOSURE VALUE					
	DESCRIPTION	ON DEMAND	<= 1 YEAR	> 1 YEAR <= 5 YEARS	> 5 YEARS	NO STATED MATURITY	TOTAL
1	Loans and advances	59,352	104,729	127,659	189,642	4,332	485,713
2	Debt securities	0	21,852	89,997	51,403	-	163,252
3	**Total as at 12.31.2021**	**59,352**	**126,580**	**217,655**	**241,044**	**4,332**	**648,964**
	Total as at 06.30.2021	**154,499**	**150,990**	**190,840**	**147,602**	**21,298**	**665,229**

Breakdown by counterparties geography (non-financial corporations and households)

(€ million)

DESCRIPTION	GROSS CARRYING AMOUNT/NOMINAL AMOUNT OF EXPOSURES WITH FORBEARANCE MEASURES
Debt securities	**3**
Non-financial corporations	3
of which: *- Luxembourg*	*3*
Loans and advances	**15,706**
Non-financial corporations	11,865
of which: *- Italy*	*5,195*
- Austria	*1,377*
- Germany	*1,152*
- Turkey	*615*
- Czech (Republic)	*556*
- Other countries	*2,970*
Households	3,841
of which: *- Italy*	*2,984*
- Austria	*375*
- Hungary	*125*
- Croatia	*97*
- Russia (Federation of)	*57*
- Other countries	*203*

Note:
Template prepared in accordance to "Guidance to banks on non-performing loans" issued by ECB on March 2017.

Credit risk

The table below shows the geographical breakdown (the main five Countries reported in table FR.20.7.1 of FINREP consolidated reporting) for each NACE code according to Chapter 4 of Annex VII ECB guidance on NPE portfolio published in March 2017.

Breakdown of loans and advances other than held for trading to non-financial corporations by NACE codes

(€ million)

DESCRIPTION	NON-FINANCIAL CORPORATIONS				
	GROSS CARRYING AMOUNT	OF WHICH: LOANS AND ADVANCES SUBJECT TO IMPAIRMENT	OF WHICH: NON-PERFORMING	ACCUMULATED IMPAIRMENT	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
A. Agriculture, forestry and fishing	**3,836**	**3,836**	**198**	**(187)**	**-**
of which: *- Italy*	*1,474*	*1,474*	*90*	*(82)*	*-*
- Germany	*501*	*501*	*22*	*(6)*	*-*
- Romania	*413*	*413*	*18*	*(20)*	*-*
- Bulgaria	*282*	*282*	*6*	*(15)*	*-*
- Slovakia	*274*	*274*	*23*	*(23)*	*-*
- Other countries	*892*	*892*	*39*	*(41)*	*-*
B. Mining and quarrying	**3,877**	**3,877**	**48**	**(71)**	**-**
of which: *- Russia (Federation of)*	*1,871*	*1,871*	*8*	*(18)*	*-*
- Norway	*411*	*411*	*-*	*(0)*	*-*
- United Arab Emirates	*365*	*365*	*-*	*(0)*	*-*
- Netherlands	*269*	*269*	*-*	*(1)*	*-*
- Hungary	*191*	*191*	*-*	*(0)*	*-*
- Other countries	*770*	*770*	*40*	*(52)*	*-*
C. Manufacturing	**58,863**	**58,827**	**2,474**	**(1,999)**	**(3)**
of which: *- Italy*	*27,107*	*27,073*	*1,022*	*(966)*	*(2)*
- Germany	*8,240*	*8,239*	*532*	*(273)*	*(1)*
- Austria	*4,664*	*4,664*	*229*	*(120)*	*-*
- Russia (Federation of)	*4,505*	*4,505*	*110*	*(167)*	*-*
- Czech (Republic)	*1,834*	*1,834*	*78*	*(73)*	*-*
- Other countries	*12,513*	*12,512*	*503*	*(400)*	*(0)*
D. Electricity, gas, steam and air conditioning supply	**11,611**	**11,600**	**111**	**(145)**	**(2)**
of which: *- Italy*	*2,656*	*2,654*	*25*	*(25)*	*(2)*
- Germany	*1,804*	*1,804*	*6*	*(8)*	*-*
- Austria	*1,317*	*1,317*	*4*	*(5)*	*-*
- France	*1,142*	*1,142*	*-*	*(1)*	*-*
- Czech (Republic)	*590*	*590*	*2*	*(4)*	*-*
- Other countries	*4,102*	*4,093*	*74*	*(103)*	*0*
E. Water supply	**1,898**	**1,898**	**70**	**(65)**	**-**
of which: *- Italy*	*781*	*781*	*32*	*(33)*	*-*
- Austria	*414*	*414*	*10*	*(5)*	*-*
- Germany	*240*	*240*	*2*	*(2)*	*-*
- Croatia	*115*	*115*	*17*	*(17)*	*-*
- Saudi Arabia	*111*	*111*	*-*	*(0)*	*-*
- Other countries	*237*	*237*	*9*	*(8)*	*-*
F. Constructions	**14,450**	**14,058**	**1,401**	**(1,034)**	**(11)**
of which: *- Italy*	*6,046*	*6,030*	*1,002*	*(739)*	*(11)*
- Austria	*3,270*	*2,912*	*77*	*(65)*	*-*
- Germany	*2,380*	*2,363*	*107*	*(44)*	*-*
- Spain	*525*	*525*	*-*	*(1)*	*-*
- Romania	*327*	*327*	*25*	*(20)*	*-*
- Other countries	*1,902*	*1,901*	*190*	*(165)*	*-*

Credit risk

continued: Breakdown of loans and advances other than held for trading to non-financial corporations by NACE codes

(€ million)

DESCRIPTION	NON-FINANCIAL CORPORATIONS				
	GROSS CARRYING AMOUNT	OF WHICH: LOANS AND ADVANCES SUBJECT TO IMPAIRMENT	OF WHICH: NON-PERFORMING	ACCUMULATED IMPAIRMENT	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
G. Wholesale and retail trade	**42,351**	**42,350**	**1,520**	**(1,326)**	**(0)**
of which: *- Italy*	*15,962*	*15,961*	*691*	*(645)*	*(0)*
- Germany	*10,299*	*10,299*	*230*	*(118)*	*-*
- Austria	*2,553*	*2,553*	*131*	*(72)*	*-*
- Switzerland	*2,284*	*2,284*	*28*	*(23)*	*-*
- Romania	*1,443*	*1,443*	*48*	*(57)*	*-*
- Other countries	*9,810*	*9,810*	*392*	*(411)*	*(0)*
H. Transport and storage	**13,089**	**13,087**	**697**	**(700)**	**-**
of which: *- Italy*	*4,607*	*4,607*	*223*	*(234)*	*-*
- Germany	*1,498*	*1,498*	*74*	*(194)*	*-*
- Russia (Federation of)	*1,301*	*1,301*	*-*	*(12)*	*-*
- Austria	*1,068*	*1,067*	*80*	*(62)*	*-*
- Czech (Republic)	*472*	*472*	*58*	*(24)*	*-*
- Other countries	*4,143*	*4,142*	*262*	*(174)*	*-*
I. Accommodation and food service activities	**4,652**	**4,647**	**519**	**(418)**	**-**
of which: *- Italy*	*2,469*	*2,464*	*149*	*(160)*	*-*
- Germany	*595*	*595*	*36*	*(12)*	*-*
- Austria	*413*	*413*	*73*	*(23)*	*-*
- Croatia	*376*	*376*	*53*	*(68)*	*-*
- Bulgaria	*143*	*143*	*33*	*(39)*	*-*
- Other countries	*656*	*656*	*175*	*(116)*	*-*
J. Information and communication	**8,752**	**8,751**	**216**	**(177)**	***(0)***
of which: *- Germany*	*3,235*	*3,235*	*45*	*(38)*	*-*
- Italy	*2,034*	*2,034*	*46*	*(42)*	*-*
- Netherlands	*639*	*639*	*-*	*(1)*	*-*
- United States	*513*	*513*	*26*	*(16)*	*-*
- Russia (Federation of)	*378*	*378*	*-*	*(2)*	*-*
- Other countries	*1,953*	*1,952*	*99*	*(78)*	*(0)*
K. Financial and insurance activities	**2,105**	**2,105**	**109**	**(97)**	**-**
of which: *- Austria*	*735*	*735*	*57*	*(36)*	*-*
- Italy	*396*	*396*	*17*	*(15)*	*-*
- Spain	*285*	*285*	*-*	*(1)*	*-*
- Netherlands	*163*	*163*	*-*	*(2)*	*-*
- Romania	*147*	*147*	*-*	*(1)*	*-*
- Other countries	*379*	*379*	*35*	*(42)*	*-*
L. Real estate activities	**42,253**	**42,140**	**1,636**	**(1,275)**	**(5)**
of which: *- Germany*	*21,878*	*21,852*	*107*	*(25)*	*(1)*
- Austria	*6,830*	*6,755*	*105*	*(47)*	*-*
- Italy	*5,629*	*5,617*	*661*	*(596)*	*(4)*
- Czech (Republic)	*2,469*	*2,469*	*85*	*(60)*	*-*
- Hungary	*904*	*904*	*6*	*(14)*	*-*
- Other countries	*4,543*	*4,543*	*672*	*(533)*	*-*
M. Professional, scientific and technical activities	**13,580**	**13,563**	**406**	**(329)**	**-**
of which: *- Italy*	*5,061*	*5,061*	*128*	*(144)*	*-*
- Austria	*3,929*	*3,929*	*166*	*(90)*	*-*
- Germany	*2,529*	*2,512*	*69*	*(47)*	*-*
- Spain	*539*	*539*	*-*	*(0)*	*-*
- United States	*288*	*288*	*-*	*(4)*	*-*
- Other countries	*1,234*	*1,234*	*43*	*(44)*	*-*

Credit risk

continued: Breakdown of loans and advances other than held for trading to non-financial corporations by NACE codes

(€ million)

	NON-FINANCIAL CORPORATIONS				
DESCRIPTION	GROSS CARRYING AMOUNT	OF WHICH: LOANS AND ADVANCES SUBJECT TO IMPAIRMENT	OF WHICH: NON-PERFORMING	ACCUMULATED IMPAIRMENT	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
N. Administrative and support service activities	**5,982**	**5,982**	**725**	**(290)**	**-**
of which: *- Italy*	*2,630*	*2,630*	*299*	*(159)*	*-*
- Austria	*1,091*	*1,091*	*10*	*(13)*	*-*
- Germany	*917*	*917*	*316*	*(43)*	*-*
- Netherlands	*342*	*342*	*-*	*(0)*	*-*
- France	*179*	*179*	*3*	*(0)*	*-*
- Other countries	*823*	*823*	*97*	*(74)*	*-*
O. Public administration and defence, compulsory social security	**861**	**861**	**2**	**(1)**	**-**
of which: *- Germany*	*639*	*639*	*-*	*-*	*-*
- Austria	*172*	*172*	*-*	*(0)*	*-*
- Bosnia and Herzegovina	*40*	*40*	*-*	*(0)*	*-*
- Romania	*4*	*4*	*-*	*(0)*	*-*
- Republic of Serbia	*2*	*2*	*2*	*(0)*	*-*
- other countries	*4*	*4*	*(0)*	*(0)*	*-*
P. Education	**294**	**294**	**5**	**(5)**	**-**
of which: *- Italy*	*152*	*152*	*3*	*(3)*	*-*
- Germany	*75*	*75*	*1*	*(0)*	*-*
- Spain	*30*	*30*	*-*	*(1)*	*-*
- Austria	*8*	*8*	*-*	*(0)*	*-*
- Honduras (Republic)	*6*	*6*	*-*	*-*	*-*
- Other countries	*23*	*23*	*1*	*(1)*	*-*
Q. Human health services and social work activities	**3,804**	**3,801**	**246**	**(140)**	**-**
of which: *- Germany*	*2,153*	*2,153*	*42*	*(27)*	*-*
- Italy	*858*	*858*	*55*	*(42)*	*-*
- Austria	*259*	*258*	*1*	*(3)*	*-*
- Turkey	*144*	*144*	*144*	*(62)*	*-*
- Czech (Republic)	*116*	*116*	*-*	*(1)*	*-*
- Other countries	*274*	*272*	*4*	*(5)*	*-*
R. Arts, entertainment and recreation	**1,477**	**1,477**	**76**	**(77)**	**-**
of which: *- Austria*	*548*	*548*	*44*	*(46)*	*-*
- Italy	*319*	*319*	*21*	*(18)*	*-*
- Germany	*249*	*249*	*7*	*(4)*	*-*
- Czech (Republic)	*95*	*95*	*-*	*(1)*	*-*
- United Kingdom	*76*	*76*	*-*	*(2)*	*-*
- Other countries	*190*	*190*	*4*	*(5)*	*-*
S. Other services	**4,423**	**4,416**	**182**	**(139)**	**-**
of which: *- Germany*	*847*	*840*	*74*	*(2)*	*-*
- Austria	*741*	*740*	*6*	*(8)*	*-*
- Italy	*531*	*531*	*13*	*(13)*	*-*
- Czech (Republic)	*523*	*523*	*27*	*(31)*	*-*
- United States	*403*	*403*	*5*	*(7)*	*-*
- Other countries	*1,378*	*1,379*	*57*	*(78)*	*-*
LOANS AND ADVANCES	**238,159**	**237,571**	**10,640**	**(8,475)**	**(22)**

Credit risk

Template 1 (EBA/GL/2020/07) - Information on loans and advances subject to legislative and non-legislative moratoria

(€ million)

		a	b	c	d	e	f	g
		GROSS CARRYING AMOUNT						
			PERFORMING			NON PERFORMING		
				OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: INSTRUMENTS WITH SIGNIFICANT INCREASE IN CREDIT RISK SINCE INITIAL RECOGNITION BUT NOT CREDIT-IMPAIRED(STAGE2)		OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: UNLIKELY TO PAY THAT ARE NOT PAST-DUE OR PAST-DUE <= 90 DAYS
1	Loans and advances subject to moratorium	120	118	2	82	2	2	2
2	*of which: Households*	61	60	2	26	2	2	2
3	*of which: Collateralised by residential immovable property*	58	56	2	25	2	2	2
4	*of which: Non-financial corporations*	58	58	0	57	-	-	-
5	*of which: Small and Medium-sized Enterprises*	26	26	0	24	-	-	-
6	*of which: Collateralised by commercial immovable property*	45	45	-	43	-	-	-

continued: Template 1 (EBA/GL/2020/07) - Information on loans and advances subject to legislative and non-legislative moratoria

(€ million)

		h	i	j	k	l	m	n	o
		ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK							GROSS CARRYING AMOUNT
			PERFORMING			NON PERFORMING			
				OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: INSTRUMENTS WITH SIGNIFICANT INCREASE IN CREDIT RISK SINCE INITIAL RECOGNITION BUT NOT CREDIT-IMPAIRED(STAGE2)		OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: UNLIKELY TO PAY THAT ARE NOT PAST-DUE OR PAST-DUE <= 90 DAYS	INFLOWS TO NON-PERFORMING EXPOSURES
1	Loans and advances subject to moratorium	(6)	(5)	(0)	(5)	(1)	(1)	(1)	2
2	*of which: Households*	(3)	(2)	(0)	(2)	(1)	(1)	(1)	1
3	*of which: Collateralised by residential immovable property*	(3)	(2)	(0)	(2)	(1)	(1)	(1)	-
4	*of which: Non-financial corporations*	(3)	(3)	-	(3)	-	-	-	1
5	*of which: Small and Medium-sized Enterprises*	(2)	(2)	-	(2)	-	-	-	1
6	*of which: Collateralised by commercial immovable property*	(1)	(1)	-	(1)	-	-	-	-

Note:
The amounts are related to active legislative and non-legislative moratoria.

Template 2 (EBA/GL/2020/07) - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

(€ million)

		a	b	c	d	e	f	g	h	i
			GROSS CARRYING AMOUNT							
		NUMBER OF OBLIGORS		OF WHICH: LEGISLATIVE MORATORIA	OF WHICH: EXPIRED	<= 3 MONTHS	> 3 MONTHS <= 6 MONTHS	> 6 MONTHS <= 9 MONTHS	> 9 MONTHS <= 12 MONTHS	> 1 YEAR
1	Loans and advances for which moratorium was offered	337	27,796							
2	Loans and advances subject to moratorium (granted)	317	26,163	18,284	26,043	105	1	15	-	0
3	*of which: Households*		7,922	4,229	7,861	61	1	-	-	0
4	*of which: Collateralised by residential immovable property*		5,750	2,728	5,692	57	1	-	-	-
5	*of which: Non-financial corporations*		17,064	13,882	17,005	44	-	15	-	-
6	*of which: Small and Medium-sized Enterprises*		12,441	10,953	12,415	11	-	15	-	-
7	*of which: Collateralised by commercial immovable property*		10,114	8,294	10,069	43	-	2	-	-

Note:
The amount in column “Number of obligors” is represented in thousands.

Credit risk

Template 3 (EBA/GL/2020/07) - Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

(€ million)

		a	b	c	d
		GROSS CARRYING AMOUNT		MAXIMUM AMOUNT OF THE GUARANTEE THAT CAN BE CONSIDERED	GROSS CARRYING AMOUNT
			OF WHICH: FORBORNE	PUBLIC GUARANTEES RECEIVED	INFLOWS TO NON-PERFORMING EXPOSURES
1	**New originated loans and advances subject to public guarantee schemes**	**26,101**	**317**	**24,890**	**196**
2	*of which: Households*	1,836			11
3	*of which: Collateralised by residential immovable property*	1			-
4	*of which: Non-financial corporations*	23,983	303	22,825	176
5	*of which: Small and Medium-sized Enterprises*	16,233			125
6	*of which: Collateralised by commercial immovable property*	382			-

Credit risk

Use of standardised approach

List of the ECAI (External Credit Assessment Institution) and ECA (Export Credit Agency) used in the standardised approach and of the credit portfolios on which the ratings supplied by these entities are applied.

PORTFOLIOS	ECA/ECAI	RATING CHARACTERISTICS[1]
Exposures to central governments or central banks	Fitch Ratings Moody's Investor Services Standard and Poor's Rating Services Cerved Rating Agency[2]	Solicited and Unsolicited
Exposures to regional governments or local authorities		
Exposures to public sector entities		
Exposures to multilateral development banks		
Exposures to institutions		
Exposures to corporates		
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings ("CIUs")		

Notes:
1. Solicited rating: shall mean a rating assigned for a fee following a request from the entity evaluated. Ratings assigned without such a request shall be treated as equivalent to solicited ratings if the entity had previously obtained a solicited rating from the same ECAI.
Unsolicited rating: shall mean a rating assigned without a request from the entity evaluated and without payment of a fee.
2. Only Unsolicited.

The process in use to transfer the issuance and issue rating follows the logic described in CRR Article 139 and compares seniority of the claim and the resulting risk weight with and without the application of the issuance specific rating.

Template EU CR4 - Standardised approach - Credit risk exposure and CRM effects

(€ million)

		EXPOSURES BEFORE CCF AND BEFORE CRM		EXPOSURES POST CCF AND POST CRM		RWEA AND RWEA DENSITY	
		ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES	RWEA	RWEA DENSITY (%)
	EXPOSURE CLASSES	a	b	c	d	e	f
1	Central governments or central banks	237,633	2,587	273,314	2,462	14,643	5.31%
2	Regional government or local authorities	20,994	3,342	24,645	528	521	2.07%
3	Public sector entities	11,221	1,592	10,900	235	826	7.41%
4	Multilateral development banks	1,151	52	1,828	41	8	0.44%
5	International organisations	2,399	0	2,399	0	-	-
6	Institutions	2,058	1,464	3,463	849	1,128	26.16%
7	Corporates	36,818	25,239	30,859	3,934	28,733	82.58%
8	Retail	18,146	4,334	16,448	548	10,876	63.99%
9	Exposures secured by mortgages on immovable property	9,741	152	9,741	45	4,008	40.95%
10	Exposures in default	1,696	172	1,640	34	1,841	110.03%
11	Exposures associated with particularly high risk	444	2	398	2	600	150.00%
12	Covered bonds	264	-	264	-	56	21.12%
13	Exposures to institutions and corporates with a short-term credit assessment	810	64	743	21	308	40.33%
14	Units or shares in collective investment undertakings	703	345	703	345	2,081	198.63%
15	Equity exposures	7,399	1	7,399	1	13,958	188.63%
16	Other items	14,779	-	14,779	-	10,970	74.23%
17	**Total as at 12.31.2021**	**366,255**	**39,345**	**399,522**	**9,044**	**90,558**	**22.16%**
18	**Total as at 06.30.2021**	**400,837**	**41,145**	**432,304**	**8,511**	**99,832**	**22.65%**

Credit risk

Template EU CR5 - Standardised approach - Credit risk exposures by regulatory exposure class and risk weights

(€ million)

		RISK WEIGHT								
		0%	2%	4%	10%	20%	35%	50%	70%	75%
EXPOSURE CLASSES		a	b	c	d	e	f	g	h	i
1	Central governments or central banks	264,928	-	-	-	110	-	1,058	-	-
2	Regional government or local authorities	23,217	-	-	-	1,792	-	-	-	-
3	Public sector entities	8,788	-	-	-	1,681	-	352	-	-
4	Multilateral development banks	1,853	-	-	-	-	-	16	-	-
5	International organisations	2,399	-	-	-	-	-	-	-	-
6	Institutions	-	0	-	-	3,774	-	318	-	-
7	Corporates	-	63	-	-	4,320	2	2,200	11	-
8	Retail	-	-	-	-	-	2,474	-	-	14,522
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	5,192	4,113	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	1	253	-	10	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	512	-	146	-	-
14	Units or shares in collective investment undertakings	68	-	-	-	0	-	0	-	12
15	Equity exposures	-	-	-	-	-	-	-	-	-
16	Other items	3,341	-	-	6	456	-	17	-	-
17	**Total exposure value as at 12.31.2021**	**304,595**	**63**	**-**	**8**	**12,897**	**7,668**	**8,231**	**11**	**14,534**
	Total exposure value as at 06.30.2021	**329,074**	**117**	**-**	**7**	**8,978**	**7,199**	**9,097**	**37**	**21,363**

Credit risk

continued: Template EU CR5 - Standardised approach - Credit risk exposures by regulatory exposure class and risk weights

(€ million)

		RISK WEIGHT							TOTAL EXPOSURE VALUE	OF WHICH UNRATED
		100%	150%	250%	370%	1250%	OTHERS	DEDUCTED		
EXPOSURE CLASSES		j	k	l	m	n	o		p	q
1	Central governments or central banks	6,739	-	2,941	-	-	-	95	275,777	1,775
2	Regional government or local authorities	164	-	-	-	-	-	-	25,173	74
3	Public sector entities	314	-	-	-	-	-	-	11,135	171
4	Multilateral development banks	-	-	-	-	-	-	-	1,869	15
5	International organisations	-	-	-	-	-	-	-	2,399	130
6	Institutions	219	0	-	-	-	-	-	4,312	277
7	Corporates	27,470	726	-	-	-	-	-	34,793	25,995
8	Retail	-	-	-	-	-	-	-	16,996	16,996
9	Exposures secured by mortgages on immovable property	481	-	-	-	-	-	-	9,786	9,786
10	Exposures in default	1,338	336	-	-	-	-	-	1,674	1,674
11	Exposures associated with particularly high risk	-	400	-	-	-	-	-	400	400
12	Covered bonds	-	-	-	-	-	-	-	264	10
13	Exposures to institutions and corporates with a short-term credit assessment	52	54	-	-	-	-	-	764	-
14	Units or shares in collective investment undertakings	362	274	-	2	61	268	-	1,048	993
15	Equity exposures	3,028	0	4,372	-	-	-	141	7,400	7,399
16	Other items	10,850	-	-	-	-	108	-	14,779	14,778
17	**Total exposure value as at 12.31.2021**	**51,017**	**1,789**	**7,313**	**2**	**61**	**376**	**235**	**408,566**	**80,473**
	Total exposure value as at 06.30.2021	**55,326**	**2,057**	**7,172**	**0**	**17**	**372**	**-**	**440,816**	**74,432**

Starting from June 2020, UniCredit group decided to apply the transitional regime connected to the introduction of IFRS9 accounting principle in accordance with the article 473a of Regulation (EU) 873/2020 that amends Regulation (EU) 876/2019 in recommendation to mitigate impacts in consideration of Covid-19 emergency.
The amount weighted at 250% reported in “Central Government or Central bank” and “Equity” exposure class template includes the effects related to the abovementioned transitional adjustments and in particular reflects the exclusion of the deferred tax assets that rely on future profitability and arise from temporary differences referred to IFRS9.
With reference to 31 December 2021, UniCredit exceeds the thresholds (17.65% of Common Equity Tier 1 Capital) related to significant investments in CET1 instruments issued by financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences, generating a capital deduction from Common Equity Tier 1 Capital of €235 million.

Credit risk

Use of the IRB approach

Banca d'Italia with act No.365138 dated 28 March 2008 has authorized UniCredit group to use IRB Advanced approach in order to determine capital requirements for credit and operational risks.
With reference to credit risk, the Group has been authorized 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.
The mentioned approach has been adopted by UniCredit S.p.A. (UCI), by 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 Group entities currently, 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.
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 former AIRB portfolios. From 1 November 2021, UniCredit Bank Ireland plc. was merged in UCI and for exposures coming from UniCredit Bank Ireland the RWEA calculation approaches authorized in UCI were adopted.
This qualitative information provides the description of the rating systems authorized by Supervisory Authorities for each main asset class.
The following table summarizes the rating systems used by the Group with an indication of the related relevant exposure class and the entities where they are used.

PREVAILING EXPOSURE CLASS	RATING SYSTEM		LEGAL ENTITY
Central governments and central banks	Group Wide	Sovereign (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB CZ, UCB SK, UCB RO(*)
Institutions		Financial Institutions & Banks (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB Slo(*), UCB BG(*), UCB CZ, UCB HU(*) (**), UCB SK, UCB RO(*)
Corporate		Multinational (PD, LGD, EAD)	UCI(***), UCB AG, UCBA AG, UCB Slo(*), UCB BG, UCB CZ, UCB HU*, UCB SK, UCB RO(*), AO UCB(*)
		Global Project Finance (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB CZ, UCB SK
	Local	Integrated Corporate Rating RIC (PD, LGD)	UCI
		Mid Corporate (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCB BG, UCB HU(*), UCB Slo(*), UCB SK(*), UCB RO(*)
		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
Retail exposures		Integrated Small Business Rating RISB (PD, LGD)	UCI
		Integrated Private Rating (RIP-One) (PD, LGD, EAD) (****)	UCI
		Integrated Private Rating Mortgages (RIP-MI) (PD)(*****)	UCI
		Small Business (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCB BG, UCB
		Private Individuals (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCB BG, UCB
Securitisation		Asset Backed Commercial Paper (PD, LGD, EAD)	UCB AG

Notes:
(*) These entities are currently authorized only to use the IRB Foundation, therefore use only PD internal estimations for determination of capital requirements.
(**) This entity has been authorized to adopt the Group Wide model Financial Institution & Banks (GW BANKS) only for Commercial Bank segment with the exclusion of the Securities Industry segment.
(***) 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.
(****) New RIP-ONE model with a unique PD model for Private Individuals at counterparty level.
(*****) Applied to Natural Persons characterized by entrepreneurship risk ("Private-like") which are excluded from the scope of application of the RIP-One.

Credit risk

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 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)

A Group Master Scale, introduced by the Group Governance Rules with the Internal Regulation, is adopted in order to have a common and shared vision of the customer riskiness at Group level and to increase communication or management reporting.

The Group Rating Master Scale is based on the following assumptions:
- the investment grade/non-investment grade rating classes are clearly separated;
- the range of PD is sufficiently large (AAA to Default), the default classes correspond to those defined by EBA;
- the Group Rating Master Scale is based on Standard & Poor's rating scale: Investment grade classes are closely aligned; while the non-investment rating classes are more granular.

The Group Rating Master Scale is used for management reporting purposes only; thus it has no impact on the Internal Rating Based (IRB) approach, on the Basel compliance of rating models and on the Roll-out plan. The Risk Weighted Asset, Expected Loss, and Loan Loss Provision calculations do not change. There is also no impact on the pricing of loans and it is not necessary to recalibrate existing rating models.

The correspondence between the PD rating classes provided by the Group Rating Master Scale and those of external agency (S&P’s) are purely indicative and therefore they may change over time.

Credit risk

Rating Group Master Scale Table

RATING CLASS (DISAGGREGATED AND AGGREGATED)		PD MIN	PD MAX	S&P PROXY RATING EQUIVALENT
A	01	0.0000%	0.0036%	AAA
B1	02	0.0036%	0.0065%	AA+
B2		0.0065%	0.0116%	AA
B3		0.0116%	0.0208%	AA-
C1	03	0.0208%	0.0371%	A+
C2		0.0371%	0.0663%	A
C3		0.0663%	0.1185%	A-
D1	04	0.1185%	0.2116%	BBB+
D2		0.2116%	0.3779%	BBB
D3		0.3779%	0.5824%	BBB-
E1	05	0.5824%	0.7744%	BB+
E2		0.7744%	1.0298%	BB
E3		1.0298%	1.3693%	BB-
F1	06	1.3693%	1.8209%	B+
F2		1.8209%	2.4214%	B+
F3		2.4214%	3.2198%	B+
G1	07	3.2198%	4.2816%	B
G2		4.2816%	5.6935%	B
G3		5.6935%	7.5710%	B
H1	08	7.5710%	10.0677%	B-
H2		10.0677%	13.3876%	B-
H3		13.3876%	17.8023%	B-
I1	09	17.8023%	23.6729%	CCC
I2		23.6729%	31.4793%	CC
I3		31.4793%	99.9999%	C
X1	10	Past due	100%	D
X2		Unlikely to pay	100%	D
X3		Bad loans	100%	D

All the internal rating systems adopted by UniCredit group represent a fundamental component of credit decision-making and credit risk process. In particular internal rating systems and PD, LGD and EAD parameters are applied in the following areas:

- Different phases of the credit process:
  - Approval/renewal. The assignment of an internal rating is a key component in the credit assessment of a counterparty/transaction and represents a mandatory step in providing/renewing credit lines. The rating assigned before the decision-making is an integrated part of the credit assessment and it is discussed in the credit proposal. Together with the loan exposure, the PD as calculated by the internal rating is also a component for defining the appropriate credit approval level;
  - Monitoring. The main objective of the loan monitoring process is the early identification of deteriorating creditworthiness of a counterparty/transaction, and the timely definition of the most appropriate corrective actions, aiming to bring credit files back to regular status and avoiding the default classification. This activity mainly focuses on signs of potential or actual credit risk deterioration and taking adequate actions, including the potential reduction of exposure or even, disengaging from the customer. Possible options also include request of new or additional collateral, resulting in the reduction of LGD, and thus a positive impact on EAD and potentially in a subsequent recovery phase;
  - Loan recovery. The assessment of the proposed strategy aims at defining the recovery plan, loan loss provisions, expected net cash flows (after levying on collaterals and guarantees) and all the other values for the calculation of the Net Present Value ("NPV"), on the basis of the related prudential collection hypothesis considering all the costs and the probability of the strategy to fail. The assessment results in the estimated LGD.

Credit risk

- Provision policies. For performing loan customers, starting from 1 January 2018, the IFRS 9 Expected Credit Loss (ECL) Model envisages that a credit event does not have to occur for a credit loss to be recognized. ECLs are recalculated at each reporting date in order to reflect changes in credit risk since initial recognition of a financial instrument. Forward-looking information and macro-economic factors are used for the determination of ECLs. Moreover, the measurement of the risk parameters for the expected credit losses calculation shall reflect an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes rather than based on a best - or worst-case scenario. A stage approach is followed: i) Stage 1: covers all new financial assets at initial recognition and instruments that have not significantly deteriorated in credit quality since initial recognition. Financial instruments assigned to Stage 1 result in the recognition of a 12-month expected credit loss. ii) Stage 2 covers financial instruments that have significantly deteriorated in credit quality since initial recognition but that do not have objective evidence of a credit loss event. Financial instruments assigned to Stage 2 result in the recognition of a lifetime expected credit losses. iii) For counterparties in the default category (stage 3), the estimated recoverable amount is the present value of future cash flows expected to be recovered, discounted at the original effective interest rate of the exposure. For financial instruments in Stage 3, lifetime expected credit losses shall be recorded.
- Capital management and allocation. Ratings are also an essential element in the process of managing and allocating capital that is performed on a risk-based perspective. Specifically, the output of rating systems feeds RWEA and Expected Loss calculation that are considered for allocating capital and for the quantification of “risk adjusted performance" measures (i.e. EVA, sEVA, ROAC and RACE)[23].
- Reporting. The fundamental objective of the reporting and monitoring activities performed by the Group Risk Management function is the analysis of the main drivers and parameters of credit risk (exposure, portfolio mix, asset quality, cost of risk, shortfall, etc.) in order to promptly initiate any countermeasures on portfolios, sub-portfolios or individual counterparties. The reporting provides a managerial tool for supporting decision-making process in the management and mitigation of risks. Group Risk Management function performs credit risk reporting at portfolio level, producing reports at Group level, both recurring and specific (on demand of Top Management, Supervisors or external entities, e.g. rating agencies) with the objective of analysing the main risk components and their development over time, and thus to detect any signals of deterioration at an early stage and, subsequently, to put in place the appropriate corrective actions. Credit portfolio performance is analysed with reference to its main risk drivers (such as growth and risk indicators), customer segments, regions, industrial sectors, impaired credits performance and relevant coverage. The most relevant reports, at the Group level, are detailed below:
  - Integrated Risk Report including, among others, information on the PD/obligor grade risk metric, with selected views in terms of Segment (i.e. estimation of the risk parameter per grade, analysis about the profile by grade and migrations across grades). This report is produced with a quarterly frequency, shared internally at Management/Board level and externally with Supervisory Authority;
  - A comprehensive Credit Risk Report harmonizing and integrating all major monitoring and reporting on Credit Risk present in Parent Company, providing a consistent and structured representation and steering of the overall performing credits portfolio both at Group and regional/ divisional level from a managerial perspective. The report is produced on a quarterly basis and shared internally at Management level;
  - Reports from Internal Validation function informing periodically Management bodies on the significant weaknesses embedded in the internal models. The main validation reports are:
    - Validation Report: formalized by the competent Validation Function and sent to the competent Chief Risk Officer functions;
    - Annual Report of Internal Validation: formalized by Group Internal Validation (GIV) on an annual basis and including the result of all validation activities carried out during the year on Pillar I rating systems at the Group level. The report highlights the overall adequacy of each risk measurement system in scope by describing the main achievements and most important gaps and weaknesses to be properly addressed as well as the existing Supervisory findings within the validation scope. Furthermore, it provides a summary at rating systems level “as a whole”, by aggregating the Overall Validation Assessment on the different components (model, process, data and IT). The report is submitted to: the Statutory Auditors, in charge of issuing a formal opinion; the Internal Audit function, for information; the Board of Directors, for approval and then to the Supervisory Authority;
    - Quarterly Validation Overview (QVO): formalized by the Group Validation Function on a quarterly basis and providing a picture of the status of recommendations and main topics to be addressed regarding all the validation phases as well as the Credit risk model monitoring on PD. Once a year the QVO contains also the credit risk model monitoring on LGD and EAD. The QVO is submitted by GIV to Group and local Chief Risk Officers for internal managerial alignment and sent to the Group Internal Audit function for information. In addition annually a summary of the recommendations tracking is reported jointly with the “Annual Report of Internal Validation Function”.
  - Annual Report of Parent Company Internal Audit function, presenting an assessment of the Internal Control System’s overall functionality and describing, inter alia, audit outcomes and highlighting the main criticalities and shortcomings found, and recommending corrective measures.

23 sEVA – Simplified Economic Value Added; RoAC – Return on Allocated Capital.

Credit risk

The UniCredit group is firmly committed to satisfy the CRR requirements for recognition of credit risk mitigation 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.

For more details on the Credit Risk Mitigation techniques, reference is made to the dedicated chapter “2.4 Credit risk mitigation technique” of the Consolidated financial statements of UniCredit group.

The Governance framework for the management of IRB rating systems leverages on the presence of the "Credit Risk Governance” function, within the Risk Management, responsible for guaranteeing at Group level the coordination and steering of the overall of IRB model landscape well as the related methodologies and underlying processes. In particular, the structure is responsible of defining Group Standards compliant with regulations and supervisory expectations as well as supporting local functions in their implementation.

In addition, Parent Company and the entities that received the IRB authorization needed to establish a validation process of the rating systems as well as an extension of the internal audit activities with respect to such systems.

The purpose of the validation process is to express an evaluation concerning the proper functioning, predictive ability and overall performance of the IRB systems adopted and their consistency with regulatory requirements specifically through:
- the assessment of the model development process with a particular emphasis on the underlying approach and the methodological criteria supporting the estimate of risk parameters;
- the assessment of the accuracy of estimates of all major risk components through the rank ordering analysis and parameter calibration analyses, also through an adequate benchmarking practice;
- the check that the rating system is actually used in various management areas;
- the analysis of operating processes, monitoring safeguards, documentation and IT facilities related to the rating systems.

The validation process established within the Group, requires first of all for a distinction between the initial and on-going validation.
The purpose of the initial validation is to assess the positioning of the Group’s rating systems in relation to minimum regulatory requirements, to Group’s guidelines and standards concerning methodology, processes, data quality, quantitative and qualitative analyses, internal governance and technological environment while identifying any gaps or critical areas before the Supervisory Authority’s approval or in case fundamental changes are introduced.
On the other hand, the purpose of on-going validation is to periodically assess the proper functioning of all components of the rating system and to monitor its compliance with internal and regulatory requirements.

The validation process foresees specific assignment of responsibilities for validating so-called Group Wide systems and Local systems. For Group Wide systems, the development methodology is unified at Group level and the validation activity is assigned to the Parent Company.
As a general rule, Parent Company is responsible for validating directly the Group Wide models and the models adopted by UniCredit S.p.A., for all the components and for all risks in Pillar I, Pillar II, managerial models and reporting. The validation of the local models is executed by the local validation functions, under Group Internal Validation (GIV) coordination and supervision.

In order to allow the objective assessment of the risk measurement systems, the department responsible for validation procedures is separate from the ones responsible for the development of the models, from the risk reporting ones and from the internal audit area[24].

Since December 2017, at Parent level Group Internal Validation reports directly to Group Chief Risk Officer and at local level the Local Validation Functions mirror the Parent reporting to local Chief Risk Officers.

The validation process is mainly based on the following leading principles:
- introduction of validation planning prioritization criteria allowing to focus the efforts on the most value-added activities in terms of risk control;
- homogeneity across the Group of the recommendations importance assignment and the overall evaluation on the rating system according to the validation outcomes;
- the monitoring of the recommendations raised by the validation function.

The department responsible for the validation activities has established and maintains guidelines for validating rating systems aimed at a convergence towards standard validation procedures, thereby ensuring that the criteria for assessing results are shared also through the introduction of standard common thresholds and the comparison between the different systems. The use of thresholds makes it possible to depict test results using a traffic-light system whose colours are associated with various levels of severity of the phenomena reported.
A different set of validation tests is defined for each validation activities (initial or on-going).

24 Internal Audit is a function independent both from development and validation functions.

Credit risk

Additionally, validation tests are divided into qualitative and quantitative analyses:
- the qualitative section is used to assess the effectiveness of the methodology used to create the model, the inclusion of all significant factors and the ability to depict the data used during the development phase;
- the quantitative section assesses, among others, performance, stability and calibration of the overall model as well as its specific components and individual factors.

Focusing on quantitative analysis, for each area specific measures are adopted; a summary is reported in the following table:

PARAMETERS	AREA OF ANALYSIS	MEASURES
PD – LGD - EAD	Performance	Somers' D
PD	Calibration	Binomial Test and Wilcoxon
LGD – EAD	Calibration	T-Test and Cohen's D Test
PD – LGD – EAD	Stability	Population Stability Index and Migration Matrix
PD – LGD – EAD	Representativeness	Population Stability Index

Additional areas of analysis, related to the organizational requirements stated in the European Regulation of reference are process, IT and data quality.
The data and documents related to the validation procedures done so far are saved in special storage areas ensuring rapid access to, and security of, the information as well as the ability to reproduce all analyses performed.

Aim of the Internal Audit activity is to check the functionality of the controls carried out on internal rating system. The activity consists in the verification of:
- the compliance of IRB systems with regulations;
- the effective use of rating systems for business purposes;
- the adequacy and completeness of the rating validation process.

In order to assist Group entities to ensure the quality (functionality and adequacy) of their Internal Control Systems and to modify their internal auditing methods in line with changes in their business scenarios, the Parent's Internal Audit (hereinafter UC IA) has coordinated the development of a common set of internal auditing methods and manages on an ongoing basis their maintenance and improvement.

These methods have been developed in order to assess the accuracy of the conclusions of the risk control functions as well as compliance with the regulatory requirements, particularly in respect to the internal validation process of internal rating and risk control systems. It should be noted that internal audit functions are not directly involved in the design or selection of the model.

In accordance with its mission UC IA directly audits UniCredit S.p.A. and, when needed, the Legal Entities of the Group, also managing the coordination of the activity of subsidiaries internal audit functions.
The audits necessary to assess the functionality of the rating systems are given suitable space in the Group audit planning process. The planning activities at Group level are centrally monitored by UC IA.
Moreover, UC IA draws up an annual summary report which presents an assessment of the Internal Control System's overall functionality, describing, inter alia, audit outcomes and highlighting the main criticalities and shortcomings found, and recommending corrective measures.
Finally, UC IA regularly reports on its activity and results to the Parent's Board of Statutory Auditors, the Internal Controls & Risks Committee and the Board of Directors.
On the basis of validation activities and of the Board of Statutory Auditors opinion, the Board of Directors annually confirms that the requirements for the use of IRB systems in UniCredit group are fulfilled.
The resolution for the year 2021 took place on 8 March 2022.

The following sections describe the rating systems used by the Group per each asset class and Group legal entities where they are used.
Concerning the Group Wide (GW) models, it is worth mentioning that the majority of them (Sovereigns, Banks, Multinational Corporate)[25] have been developed following a Shadow Rating approach, where the External Ratings, provided by the ECAI, play a fundamental role. The shadow rating approach is typically used when default data is scarce and external ratings of the major rating agencies (Standard and Poor's, Moody's or Fitch Ratings) are available for a significant portion of the portfolio. The common purpose to all quantitative methodologies developed for credit ratings is to identify risk factors that provide good information about the probability of default.

25 While the Group Wide model for Global Project Finance is based on internal defaults.

Credit risk

The shadow rating approach does that indirectly by identifying the most important factors (quantitative and qualitative) and by estimating the relative weights of each of them in order to mimic External Ratings as much as possible. Clearly, in order to make the estimated model useful for regulatory and for other credit risk management purposes, it is still necessary to calibrate it to an appropriate probability of default.
More in details, two main phases can be identified in during the model development in which the External Rating are involved:
- risk differentiation phase: in this phase quantitative (financials) and qualitative factors/drivers are regressed toward the External Rating (grade) in order to identify the most relevant factors (and relative weights) to predict the credit quality of the client and assign each client with a score. The aim of the model is to correctly order the clients from the best one to the worst one by allocating them, during the following risk quantification phase, into 17 rating classes (AAA-CCC) trying to replicate, as much as possible, the ordering assigned by the External Rating Agencies;
- risk quantification phase: in this phase migration matrices from ECAI are used to determine the long run average default rate associated to each of the 17 grades in which the counterparts have been allocated in order to properly calibrate the model assigning them an adequate PD level.

External ratings are used only in the model development phase while they do not play any role in the model application phase (i.e.: once the weights of each relevant model factor/driver have been defined and the calibration function has been estimated).

New Definition of Default (DoD)
With reference to the quantification of the regulatory figures, the new Definition of Default classification process went live in January 2021 for all Legal Entities.
In 2021, with the goal to implement the regulatory change represented by the new Definition of Default (DoD) in the risk quantification phase, model recalibrations have been implemented and are described in each specific model section below.
Concerning GW models, in May 2021, a model recalibration has been implemented for GW Global Project Finance rating system (PD and LGD components). For GW Sovereigns, GW Banks and GW Multinational Corporates no recalibration was needed due to the shadow rating nature of those rating systems with the exception for LGD Defaulted Asset component, due to the fact that it leverages on local LGD models and therefore inherits the effect from the new Definition of Default recalibrations of local LGD estimates.

Sovereign (Central governments and central banks)

Group Wide models

Sovereigns' Rating model
The Sovereign PD & LGD model is in production since 2008, for regulatory purposes and internal use. The current version of the PD models has been implemented in May 2021, upon authorization of Supervisory Authority, while the LGD model is in place since 2014.

The model approach was made to replicate the ranking capabilities of external (ECAI) ratings using a combination of qualitative and quantitative factors. Two separated models were designed for emerging and developed countries (EM and DC respectively).

The quantitative module for the latter (DC) uses variables related to the balance of payment, monetary indicators, GDP (Gross Domestic Product) and some fiscal indicators. The qualitative module includes variables related to the quality of the financial system, the exchange rate policies, geo-political conditions, socio-political conditions, flexibility of the economic system, vulnerability to exogenous shocks and debt service.

The quantitative module for emerging countries (EM) uses variables related to the balance of payment, monetary indicators, per capita GDP, external solvency risk indicators, exports as a percentage of gross domestic product (GDP) and selected fiscal indicators. The qualitative module includes variables concerning the flexibility of the economic system, socio-political conditions, vulnerability to exogenous shocks, external financial support and debt service.

Group Internal Validation evaluates the rating system by an assessment including quantitative and qualitative analyses, mainly focused on model performance, calibration and stability. Due to the Low Default nature of the Portfolio the validation analyses are performed benchmarking internal estimation to external rating and PDs retrieved from rating agencies.

The validation activities proved satisfactory results in terms of rank ordering and calibration at overall portfolio level.

Sovereigns' LGD model
This model uses a regressive approach with the involvement of experts, starting with a set of macroeconomic variables and qualitative factors, of which eight were included in the final version. The dependent variable (LGD) was calculated using external historical LGD evidence and external (ECAI) recovery rate ratings. The model provides LGD only for unsecured exposure to sovereign counterparties.

Credit risk

For the quantitative module, the explanatory variables selected are as follows: the current account balance as a percentage of GDP, the fiscal gap, the excess budget revenue and the real effective exchange rate. The qualitative module includes variables concerning the stability of the financial system, socio-political conditions, debt service and geo-political risk.

Group Internal Validation evaluates the LGD estimates by an assessment also adopting external benchmark. The validation outcomes based on the last available benchmark confirmed conservative internal estimates.
Besides the PD/LGD methodology, the validation assessment covered also process and input data quality features.

Banks (Institutions)

Group Wide models

Banks Rating model
The Banks PD & LGD model is in production since 2008, for regulatory purposes and internal use. A last Banks PD model refinement has been deployed into production in July 2017.
In connection with the model release as of July 2017 a PD model recalibration activity has been performed upfront including the most updated time series.

The current PD model has been developed with four different sub-models, one for commercial banks resident in developed countries (DC), one for commercial banks in emerging markets (EM), one for pure securities industries (SI)[26] and the last one for hybrid banks (HY)[27], given the different risk drivers for the four sub-segments.
The relevant risk drivers are defined as per several categories: asset quality, capitalization, liquidity, profitability, efficiency, stability, growth, size and funding. Specific adjustments to be applied to the PD resulting from all four sub-models are expected to consider the following aspects:
- the three types of support (if any) provided to banks - by the government, by the economic group to which they belong, by an Institutional Protection Fund; these factors are treated separately, in a homogeneous (based on PD) and non-additive way (only the one with the highest mitigation effect is actually applied). The level of support for all three types of support depends on separate specific qualitative questionnaires;
- the country risk factor in general is considered in the calibration phase of the model; in this context, the model considers the country risk and the more specific transfer risk, i.e. the risk that the debtor is unable to obtain foreign currency to meet its obligations, even though it has the corresponding local currency;
- in case is required, an override is applied for the final rating assignment.

The PD rating scale is based on the default rates implied by ECAI external ratings. The model has been subject to TRIM investigation in 2019 and related outcomes have been embedded.

Group Internal Validation evaluates the rating system by an assessment including quantitative and qualitative analyses, mainly focused on model performance, calibration and stability. Due to the Low Default nature of the Portfolio the validation analyses are performed comparing internal estimation to external rating and PDs retrieved from rating agencies. The model performance is deemed as acceptable at overall level. Calibration and stability are satisfactory at overall level. The identified areas for improvement will be addressed with a general model review already planned in first quarter 2022.

Banks' LGD model
A last Banks LGD model refinement was deployed in production in July 2017 together with the Banks PD model. A specific margin of conservatism on top of the LGD estimates is applied, mainly to overcome the scarcity of data and lack of explicit downturn component.

The latest model refinement is mostly based on Business and Group Rating Desk expert input. Specific parameters with regards to asset haircuts are derived from external data. It presents only some minor differences with regard to the model previously in production, while the overall methodological approach is kept constant following a balance-sheet evaluation. It applies to senior unsecured performing loan exposure, which represents the majority of exposures to banks.
The Senior Unsecured LGD value for a bank is calculated using its latest financial statement with the assumption that the Bank's assets will be liquidated following a default event. The methodology follows a waterfall approach where the seniority of creditors is also taken into account.

In order to obtain a realistic and conservative valuation of the bank's assets, "haircuts" have been established for each type of asset class (some of them based on external data), in order to take into account the likely deterioration that might occur before default, as well as the differences between book value and realized earnings from sales.

26 The SI sub-segment is represented by counterparties which perform activities of broker/dealer, merchant/investment banking, corporate finance, M&A and Wealth Management.
27 HY companies are equally dedicated to commercial and investment activities.

Credit risk

In addition, based on the fact that the success of the recovery phase largely depends on the applicable legal/institutional environment, specific haircuts for legal risk on a country basis are applied on top of the asset haircuts.
Additional haircuts reflecting the costs of the recovery process are also taken into account based on the assessment of workout experts. Since the assets of the borrowing bank are stated in local currency, but the final recovery must be estimated in the currency of the creditor, in case the currency of the borrowing bank and creditor is different, an additional fixed currency volatility haircut is applied that is calculated based on historically observed exchange rate volatility, in order to take depreciation risk into account (i.e. regarding UniCredit group exposure, this haircut is applied to all counterparties that reside outside Eurozone).

Within the banks segment, the LGD framework has been improved to reflect more accurately the typically lower risk profile of some specific products (or transactions), in particular with respect to covered bonds and products with country risk mitigation.
In relation with covered bonds, two different values of LGD have been defined to be applied on the basis of the country of the issuer and to confirmation by the responsible credit analyst that the specific covered bond issue is in line with local market standards.
For products with country risk mitigation, the counterparty LGD is reduced according to the contribution of country risk on the counterparty total PD, through the application on LGD unsecured of a recovery factor of the specific transaction (Transaction Specific Recovery factor). Within the banks segment, the reduction of LGD applies to a particular type of product: short-term commercial loans between banks (Short Term Commercial Financing).

Group Internal Validation evaluates the LGD estimates by comparing with external benchmark: the last assessment confirmed the conservatism of internal estimates. In line with Basel IV regulation this model will be decommissioned for regulatory purposes, in consequence, the bank did not plan any development activity, but will rather ensure on an annual basis the conservatism of estimates.

The model has been subject to TRIM investigation in 2019 and related outcomes have been embedded.

Corporate (non-financial companies, including SMEs, specialised lending and purchased Receivables)

Group Wide Models

Multinational Corporate Rating model
This rating model applies to multinational companies defined as companies with consolidated turnover or operating revenues greater than €500 million for at least 2 consecutive years.
The PD & LGD Group Wide Multinational Corporate rating model (GW MNC) is in production since 2008, for regulatory purposes and internal use. Starting from 2012, the Group Wide Multinational Corporate (MNC) rating system is adopted also for the Italian Large Corporate (ILC) portfolio, which includes Italian companies with an operating revenues between €250 million and €500 million.
A recalibration of the PD model has been implemented starting from May 2017, in order to improve the PD estimation with updated underlying history. A new redevelopment went live in 2021 after receival of the ECB authorization, embedding also the outcomes of TRIM investigation held in 2019.

The approach used for the estimation of the Multinational rating, defined as a shadow rating, attempts to replicate the ability of ranking of external ratings (from ECAIs) through a combination of quantitative and qualitative factors.

The quantitative module covers several categories of factors such as capital structure, profitability, interest coverage and size. The result of this module is a quantitative score.
The qualitative model consists of a set of questionnaires that analyse corporate aspects such as management quality, industry sector performance, availability of credit lines or liquid funds, market share, and exposure to macroeconomic risks. The result of this module is a qualitative score.

The quantitative and qualitative scores are then integrated and calibrated in order to fit the ECAIs external ratings. Specific PD adjustments are applied in order to consider the following aspects:
- the support (if any) by the economic group to which the company belongs (based on an average of PD);
- the country risk; in this context, the model considers country risk and specific transfer risk, i.e. the risk that the debtor is not able to obtain foreign currency to meet its obligations even if in possession of relevant local currency.

The scope of the rating system also includes those subsidiaries that carry out corporate treasury activities (such as cash concentration, FX management and funding) or that are specialised funding vehicles (issuing MTN-Medium Term Notes, notes, bonds), notes, bonds) whose creditworthiness is driven by the parent/group support in the form of an explicit guarantee for the counterparties or its issues or via some other support mechanism (e.g. an agreement with the Parent Company); the rating of these counterparties is calculated by the specific model of Corporate Treasuries and Funding Vehicles (CTFV).

Credit risk

Since in most cases, the default of a CTFV customer is caused by the default of the Group it belongs to, in the approach adopted, both for the PD and for the unsecured LGD, the distance in notches to the PD and the LGD of the Parent Company was estimated on the basis of the contributions and opinions by industry experts.
On the basis of a qualitative questionnaire, the downgrading notch in respect to the Parent Company's rating is determined to calculate the rating of the CTFV; with the same approach the increase of LGD is determined to be added to the Parent Company LGD to calculate that of the CTFV.

Group Internal Validation checks on an ongoing basis the Group Wide Multinational Corporate (MNC) rating system by an assessment of quantitative and qualitative analyses also considering the information retrievable from external providers to perform an exhaustive benchmarking activity. The areas to be improved identified in previous model validations have been addressed with the revision of the model (together with the update of historical time series, the introduction of a Margin of Conservatism in line with Group Methodological Standards) assessed as adequate by Group Internal Validation that went live in 2021

Multinational Corporate LGD model
Given the lack of historical time series of internal recovery rates for Multinational companies (since this is a portfolio with a low risk of default), a regressive-statistical model, mainly based on recovery data provided by an external provider has been developed.
The LGD model refers to senior unsecured exposures towards performing companies (advanced methodologies common to several segments of Group Wide are applied to junior exposures).
More in details, the LGD model consists of four main phases (in which is incorporated the add-on, that takes into account the negative phases of the economic cycle, downturn):
- in a first phase, a total of LGD counterparts (Overall LGD), independent from the seniority of creditors, is calculated on the basis of financial statements' quantitative factors;
- in a second phase, on the basis of a qualitative questionnaire, the variation on the increase of the senior unsecured Bond debts LGD is calculated, determining the Gross senior unsecured Bond LGD;
- then the LGD is adjusted to take into account the legal risks and costs related to the recovery process (Adjusted Senior Unsecured Bond LGD);
- to the final value of the unsecured Bond LGD (applicable to the bond debt) is applied a conversion factor that allows to obtain a Loan LGD (Final LGD Senior Unsecured Loan) which is lower, because it considers the probability and effects of the debt restructuring, typical of bank loans and similar products that are the most representative part of the UniCredit group portfolio.

Similar as with the PD parameter, also the LGD of the Multinational Corporate system has been extended to the Italian Large Corporate segment (ILC).
The LGD framework properly reflects the lower risk profile typical of some specific products (or transactions), in particular, products with risk mitigation. Within the scope of the MNC segment, a special class of transactions has been considered, those in which payment is guaranteed by the sale of assets to a third-party resident in a low risk country (Only Delivery Risk).
The last validation assessment performed on the model showed a substantial alignment between internal estimates and observed values, with some exceptions on minor parts of the portfolio. Also in this case, pursuant to the decommissioning of the model for regulatory purposes due to Basel IV regulation, the Bank did not plan any development activity, but will rather ensure on an annual basis the conservatism of estimates.

The model has been subject to TRIM investigation in 2019 and related outcomes have been embedded.

Global Project Finance rating model (GPF)
The Group Wide rating model Global Project Finance (GPF) is dedicated to project finance transactions/clients with total volume of project debt (evaluated at origination) over €20 million.
The estimation approach is performed by pooling the risks of the project in 5 areas of interest: the risk connected to the sponsors (shareholders) of the project, the risk of completion for projects in construction phase, operational risk, "special" risks (e.g. force majeure risk, interest rate/FX risk) and the risk associated with cash flows expectations. The quantification of the risks in each area is based on specific qualitative questions.
The model was revised in 2011 with the aim to increase the statistical predictive power of the whole system, also trying to address and remove the weaknesses previously identified by the internal validation and audit functions or by the Supervisors.
The 2011 revision of GPF PD model aimed to optimize the following features of the model:
- the statistical weights of single factors;
- limitation of manual adjustments on rating only to the practice of "override";
- completion risk allowing to reduce weight factors along with the progress of construction and when the project begins to produce cash flows;
- explicit consideration of country-induced risk (general and transfer) implemented as an add-on on the intrinsic score/PD dependent on the PD of the country and with a different weight determined by a set of 6 specific questions;
- detailed description of risk factors in order to enhance the objectivity of the assessment.

A recalibration has been implemented in May 2021 to replace the last one adopted since 2019 in order to recognize within the model the new Definition of Default requirements.

Credit risk

Group Internal Validation evaluates the rating system by an assessment including quantitative and qualitative analyses, mainly focused on model performance, calibration and stability. The ongoing validation demonstrated a good rank ordering ability of the model; nevertheless, model outcomes show some weaknesses that will be addressed within already planned re-development activities.

The model has been subject to TRIM investigation in 2019 and related outcomes have been embedded.

Global Project Finance LGD model (GPF)

The internal model for estimating GPF LGD is applied to the total direct exposures for performing counterparts.

The LGD methodology is essentially based on the "distressed assets" method developed by S&P's, which examines the distribution tail of the project value, in the region where default has occurred and, thus, defines the LGD probability distribution as a distribution of "debt minus asset value" in this region.

This general framework has been adapted to real practices and to the business standard procedures in place in the Group, through the adoption of certain changes concerning: a) the calculation of the asset value, is replaced by direct calculation of the ratio between debt and the (maximum) value of "distressed assets" (DMDA) on the basis of a qualitative questionnaire and b) the determination of the default region.

Furthermore a scenario of "extreme event", characterized by very high losses, has been introduced, in addition to the "standard" scenario based on the methodology "distressed assets". The probability of an "extreme event" is determined based on the responses to a qualitative questionnaire and it is used as "weight" to compute a "standard" and "extreme event" weighted average LGD: this average is the expected LGD.
Also add-ons taking into account the negative phases of the business cycle (downturn add-on) and recovery costs are explicitly considered.

The current model structure allows a parallel calculation of LGD for senior tranches and for those junior.

In May 2021 a model calibration has been implemented in order to recognize within the model the new Definition of Default requirements.

Group Internal Validation evaluates LGD estimates based on an assessment including also a benchmark analysis that is conducted comparing internal estimates to available external information. This benchmark highlighted the conservatism of estimates when compared to similar data from external rating agencies. Nevertheless, the performance of the model does not meet internal standards, and in general the model design is deemed as no longer fully adherent to the latest regulatory updates: in this light, a complete re-development of the model has been planned.

The model has been subject to TRIM investigation in 2019 and related outcomes have been embedded.

Group Wide EAD model

The GW EAD model is in production since 2010. In 2021, ECB authorized the new version of the model submitted as material change in April 2019 and assessed during TRIM investigation. The new EAD Model, as highlighted also by the regulator, presents many relevant improvements in comparison to the old model.

The segmentation of this new version is based on the credit segment of the client and on the product family of the facility and due to these drivers 24 Sub-models were identified. The calculation leverages on six different model components. Firstly, the LEQ (Limit Equivalent Factor) measures the increase (within the limits) of the outstanding expected at default, the LOF (Limit Overdraft Factor) estimates the evolution of the exposures over the limits while the Q_DaD is a local dedicated parameter reflecting the drawing after default component. Moreover, it was introduced the SF (Scaling factor) that reflects the calibration adjustment for aligning the EAD to its long run average, the Downturn adjustment aimed at ensuring appropriate and conservative EAD estimates also in the negative phase of the economic cycle and a Margin of Conservatism buffer in order to covers the deficiencies emerged during the estimation phase of the model. Finally, it has to be mentioned that a dedicated defaulted asset component was introduced.

Even though Group Internal Validation detected further rooms for improvement (mainly related to model design, performance of the model and representativeness of the development sample), this model update allowed to considerably improve the model previously in production.

Credit risk

Local models, Italian perimeter

Italian Corporate Rating model

The Integrated Corporate Rating (RIC) model provides a rating for the counterparties of UniCredit S.p.A. afferent to the Mid-Corporate segment with revenue (or total assets if revenue information is not available) from €5 million to €250 million.
In 2019 the model has been subject to a broad revision (new RIC model) by extending the scope to Holdings & Financial Enterprises with total assets above €250 million, while carving out Income Producing Real Estate transactions for which an ad-hoc approach has been developed (refer to the paragraph "IPRE (Income Producing Real Estate) Slotting criteria").

The structure of the rating system consists of three basic modules, two of which are quantitative and one qualitative:

- the economic-financial module, that considers the financial statements information in the archives of the Central Financial Statements Archive ("Sistema Centrale Bilanci") (cash flow and profitability, financial charges, financial structure and composition of debt, financial stability and liquidity; growth, volatility and operational structure);
- the behavioural modules, the first developed on the basis of internal data sources while the second on the basis of external data provided by Central Credit Archive ("Centrale Rischi"), allowing customer's monitoring (cash loans, withdrawal, short term maturity, long term maturity, self-liquidating loans, loan guarantees);
- the qualitative module, that considers the answers to the questions of the qualitative questionnaire filled out during the application phase.

The model features of the new RIC have been enhanced also by developing dedicated modules for Real Estate[28] and Holding & Financial Enterprises to take into account the various types and riskiness of these counterparties. Dedicated versions of the Financial, Behavioural and Qualitative modules have been developed for the three macro-segments covered by the new RIC model: Industrial, Real Estate and Holding & Financial.

The stand-alone evaluation of the counterparty is integrated with information of the Economic Group they belong to, where appropriate, taking into account the type of bond and the creditworthiness of all component companies.

The RIC model provides a rating updating process through a system of trigger events aimed at ensuring greater stability in the assessments, both with the timely update and the intervention of experts, where necessary (operators and rating desk).

The Definition of Default in the new RIC has been updated according to Capital Requirement Regulation overcoming the technical past due treatment.
The model revision has been authorized by ECB in January 2019 and implemented in May 2019 together with a recalibration including a time series extension up to end of 2017.
In April 2021, a recalibration of the RIC model consistent with the new Definition of Default was released in production.

Local Italian Corporate LGD models

The model for the calculation of the LGD risk parameter was firstly revised in 2013 developing the LGD estimation also for defaulted loans, differentiated by their default state. A further redevelopment of the LGD model has been submitted to the Supervisory Authority in September 2017, authorized by ECB in January 2019 and implemented in May 2019 together with a recalibration where the historical time series have been extended up to 2017.

In the new model, the estimated rate of loss continues to be based on a "workout LGD" approach by discounting the observed cash flows in every stage of recovery management using a current rates approach.

For "Defaulted Assets" LGD model for non-performing loans, doubtful loans, and past due, a statistical approach has been adopted that allowed to incorporate in the estimates the information related to the performance period in a defined state and to the trends of the previous recovery period. The "Defaulted Assets" LGD model estimates the loss rate referring to the vintage of the default classification, at the time in which the specific counterparty is located in default (so-called Time Dependency) taking into consideration, therefore, also available information after the moment of default itself.

A further step towards greater functionality and representativeness of the model is the recognition of the mitigating effect of guarantees on the estimates of the loss rate obtained with the implementation of rating systems "Confidi" and "Guarantors". The Guarantors Individuals rating system expresses an overall opinion on the creditworthiness of the Guarantor that results from the integration of elementary modules that merge the information retrieved from internal and external information sources.

28 The Real Estate corporate model is used for counterparties having the "05" balance structure (Real Estate Companies) according to the classification of "Centrale Bilanci" and total assets in excess of €5 million, consistent with the customer management segmentation adopted by the Bank and with its credit processes.

Credit risk

The new model includes the downturn effect into the danger rate module, the review of the Definition of Default, as an intermediate step toward the new Definition of Default defined according to Bank of Italy Circular 272 classification and to CRR past due definition (ensuring full consistency with PD models), the inclusion of all open positions with the estimation of future recoveries in line with EBA Guidelines on PD/LGD.
In February 2020 LGD has been recalibrated, envisaging an update of the historical time series. A further recalibration was implemented in April 2021 to support the inclusion of the new Definition of Default in the risk quantification phase.

Local Italian Corporate EAD models
The development activities on EAD model for Enterprises segment (RIC and RISB) is scheduled in 2022, consistently with the progressive Group IRB roll-out plan.

IPRE (Income Producing Real Estate) Slotting criteria
Since August 2019, UniCredit adopted the Income Producing Real Estate (henceforth “IPRE”) assessment criteria for the risk weights assignment based on the Slotting approach framework finalized by the Bank.
The adoption of the new IPRE rating system is aimed at:
- addressing a specific request received from the Supervisory Authority to identify and carve out the portion of IPRE transactions currently included into Probability of Default (PD) Mid-Corporate (Rating Interno Corporate - RIC) model application perimeter, also required by Internal Control functions;
- complying with the classification rules for the definition of IPRE transactions and with the IPRE development methodological framework valid for the entire Group;
- extending the Internal Rating-Based (IRB) coverage to the portion of portfolio currently treated with Standardised Approach.

Given all the above, the approach is based on:
- a Group-level accepted definition of IPRE transactions based on the key characteristics defined by the Regulator (ref. to CRR article 147(8));
- the definition of the Methodological Standards for the development of IPRE (slotting and internal) models valid for the entire Group;
- the identification of the IPRE portfolio (from 2010 to 2017).

The IPRE slotting model consists of an expert assessment of the credit risk of the transaction performed through qualitative scorecards. The expert appraisal of the IPRE transactions against such assessment criteria and operating instructions determines the assignment of a level of risk used in order to attribute the regulatory risk category (Slot) to the transaction.
The validation activities have evaluated as adequate the adopted IPRE Slotting methodology.
In April 2021 a recalibration of the IPRE model consistent with the new Definition of Default was released in production.

Local models, German perimeter

Mid-corporate rating model (MIT)
The “Mittelstandsrating” model applies to German corporate UCB AG customers with a reported turnover between €5 million and €500 million, excluding Specialised Lending and Real Estate customers. It comprises also public sector entities not guaranteed by public Authorities with valid financial statements.
In December 2019 a revised version of the model, that was authorized by ECB in November 2019, has been implemented mainly to address Group Internal Validation findings and Supervisory recommendations as well as to align the model to Group Standards.

The updated model is composed of a quantitative module using financial statements (Hard fact Module) and a qualitative module (Soft fact Module) and the Behavior Score.
More in detail, the quantitative module consisted of four different financial statement sub-modules (MAJA – “Maschinelle Analyse von Jahresabschlüssen”) depending on the company’s industry sector (Production, Trade, Construction, Services). Each of them combines a set of financial ratios that cover areas of analysis such as:
- asset and debt structure;
- cost structure, liquidity;
- profitability.

The qualitative module covered areas of analysis concerning:
- financial conditions;
- management qualification;
- planning and controlling;
- industry/market/products;
- special risk;
- industry sector rating.

Credit risk

In addition, adjustments to the model estimates are foreseen within the model framework in case of warning signals or rating aging. A manual correction of the calculated model PD in order to consider any circumstances not reflected by the automatically calculated PD/model - the so-called override - is possible as well. The use of overrides is clearly defined and described, subject to specific restrictions/constraints and is closely monitored within the local internal validation activities.

The Mid Corporate Rating Model is subject to annual validation, quarterly monitoring and to regular calibration activities.
In July 2021, a recalibration of the new model including the new Definition of Default has been released.
With reference to the LGD model refer to the description in the paragraph "Local German portfolios LGD model".

Foreign Small and Medium Sized Enterprises Rating Model (FSME)
The Foreign Small and Medium Sized Enterprises Rating model (FSME) applies to corporate customers domiciled outside Germany with a reported turnover up to €500 million, excluding Specialised Lending, Real Estate customers, Financial Institutions and Public Sector entities.

The rating procedure was implemented in 2009 and authorized for regulatory capital purposes in 2011. The model comprises a quantitative and a qualitative module. The score resulting from the analysis of financial statements is based on externally developed hard fact models and complemented by internally developed qualitative module leveraging on experience with the German Mid Corporate segment. Currently, UniCredit Bank AG is using 24 mostly country specific external models to cover the relevant portfolio that refers to about 50 different countries.
Adjustments to the model estimates are foreseen within the model framework in case of rating aging. A correction of the calculated model PD in order to consider any circumstances not reflected in the automatically calculated PD/model - the so-called override - is possible as well.

The Foreign Small and Medium Sized Enterprises Rating model (FSME) is subject to annual validation, quarterly monitoring and, if necessary, to calibration activities over time.
In July 2021, a recalibration of the model including new Definition of Default has been released.
With reference to the LGD model refer to the description in the paragraph "Local German portfolios LGD model".

Commercial Real Estate Finance Rating model (CREF)
The rating model for UniCredit Bank AG's Commercial Real Estate Finance (CREF) is used to assess exposure to:
- real estate developers with published financial statements: companies with income mainly derived from construction (or purchase) and subsequent sale of buildings for residential or commercial purposes (offices, stores);
- real estate investors with published financial statements: companies with income mainly derived from the lease of owned residential and commercial properties; this segment comprises building societies and open-end real estate funds;
- real estate investors without published financial statements: companies or individual customers with income originating mainly from the lease of own properties.

These clients are evaluated through models built combining four modules (with client group-specific weights):
- a qualitative module that aims to assess the quality and reliability of management, the abilities of the management team, the quality of organizational management and the bank's experience in managing relationships with the company;
- a real estate feature that aims to assess the asset/project to be financed or already financed (by the bank or other lender), including the quality and implicit risk of the company's properties/projects, its planning capabilities (based on past experience) and cash flows planned/projected for future years;
- a quantitative financial module based on the company's financial statements supplemented with a qualitative assessment of the quality, reliability and completeness of the financial statements;
- a behaviour module.

On July 2021, a revision of PD CREF model has been implemented upon ECB authorization with an updated calibration including the impact of new Definition of Default. The new model is in line with the new Group Methodological Standards in order to comply with the regulatory requirements as well as harmonize the modelling standards within the Group.
The PD model revision has been also extended to CREF customers with an approval limit below €50 thousand, currently unrated, and unauthorized overdrafts to receive a regulatory flat PD.

Main model changes include update of the customer segmentation, introduction of an internally developed behavioural score component; development of new qualitative module with focus on management, financial statement module (hard fact) and qualitative real estate features module; development of new integration function of the PD model for the four modules; recalibration of the model and update of age restriction rules. The new Definition of Default has been considered for the development/calibration of the model.
The Commercial Real Estate Model (CREF) is subject to annual validation, quarterly monitoring and, if necessary, to calibration activities over time.
With reference to the LGD model refer to the description in the paragraph "Local German portfolios LGD model".

Credit risk

Acquisition and Leveraged Finance transactions rating model (ALF)
The "Acquisition and Leveraged Finance" (ALF) model is used for the assessment of projects to finance/refinance corporate acquisition transactions, in which additional bank liabilities are added to the normal operating debt of the company acquired in order to finance the acquisition.
The debt resulting from the acquisition is repaid out of the future cash flow of the company acquired, and, in certain cases (i.e., acquisitions that involve strategic investors), out of the cash flows of the acquiring company.

Acquisition transactions and their corporate and tax implications (often involving several jurisdictions) demand specific expertise during the audit phase, and require:
- appropriate risk-return relationships in addition to a loan structure based on a realistic cash flow simulation model;
- the adjustment of the acquired company's financial and debt repayment structure to future cash flows;
- the combined use of highly differentiated borrowing tools (senior debt, junior debt, mezzanine debt, etc.).

In terms of procedural aspects, the "ALF rating" is essentially a financial rating that calculates the acquired company's probability of default based on equity and financial ratios taken from the forecasted (budgeted) financial statements and income statement.

There is no qualitative module since in the preparation of the forecasted financial statements, a large amount of qualitative information based on experts' opinions is already implicitly taken into consideration. The forecasted financial statements are prepared through models that simulate future cash flows (INCAS, international financial model).
Also for this model rating ageing restriction rules are considered as well as possibilities of override.
An update of the PD calibration function has been performed in 2018 and a special Margin of Conservatism (MoC) was implemented in order to address some aspects of the model.
For ALF a total LGD approach is applied where all the collateral is included in the LGD estimation and no explicit collateral reflection takes place. There are two seniorities (senior and mezzanine) reflecting the two possible LGD values.
Within the new LGD model, which was submitted 2021 to Supervisory Authority and is under assessment, ALF is included as a sub model to local LGD model. The main approach was kept as described, with some improvements like e.g. in the consideration of discounting, Margin of Conservatism, downturn add-on calculation, methodology for non-performing exposures (see description for Local LGD German models).
The ALF PD model gets validated yearly, and a quarterly monitoring takes place.

Income Producing Real Estate (IPRE) rating model
The model applies to special purpose vehicles (SPVs) specifically founded in order to invest in a real estate portfolio. The companies are non-recourse to the investor and ring-fenced from other companies. Their loans are repaid/serviced exclusively from the income generated by the properties being. There is no size limit in place.
The IPRE rating model is a transaction-based rating model that assigns a PD to a transaction, not to the corporate customer or fund who initiates and structures the transaction.

The core of the IPRE model is a Monte Carlo based cash flow simulation. This approach is modelling the main drivers of the cash flows of a transaction by a stochastic process, where the parameters are estimated from historic data (market rents, interest rates, vacancy periods, etc.). The resulting cash flows are calculated quarterly until maturity and the PD is calculated from the ability to cover the debt service and further costs by the income generated from the financed real estate properties.

In order to capture additional aspects of the transaction the result of the simulation is adjusted based on:
- the assessment of the location and quality of the specific objects held by the SPV via the so called MoriX values[29];
- a qualitative assessment of e.g. quality of the management, contractual design or review of customer relationship.

Also for this model rating aging restriction rules are considered as well as possibilities of override.
On a continuous base the model is subject to fine-tunings and parameter update to capture latest development in the portfolio.
In July 2021 a recalibration of the model has been implemented in the scope of regular model maintenance as also as requested by internal validation. An extension of historical time series, update of central tendency and adoption of Margin of Conservatism (MoC) has been performed. Additionally, the new Definition of Default and the alignment of segmentation to the new CREF model were included in the re-calibration.
The IPRE PD Model is subject to an annual validation and quarterly monitoring.

29 MoriX values are obtained via a structured approach to assess the real estate properties' quality through the evaluation by real estate appraisers that apply bank internally developed criteria

Credit risk

With reference to the LGD model methodology there is an individual IPRE LGD unsecured. The mortgage collateral valuation is used as in the Local German portfolios LGD model.

Within the new LGD model, which was submitted 2021 to Supervisory Authority and is under assessment, IPRE is included as a sub model to local LGD model. The approach is changed to a total LGD approach, having also some further improvements (see description for local LGD German models).

Global Shipping rating model for Ship financing (GLOS)
The model applies to ship financing transactions where the repayment primarily results from the earnings of the financed object. The vessels are pledged.
Both PD and LGD GLOS models have been decommissioned in March 2021 from IRB Approach due to the reduction of exposures and the permanent partial use of the standardised approach, granted by Supervisory Authority, is applied for the underlying portfolio.

Wind Project Finance transactions rating model (WIND)
The Wind model applies to wind energy projects in Germany (onshore), with a project volume of less than €20 million. Additionally, the industry code is clearly specified and due to the loan and collateral agreements, the bank must have a significant degree of control over the financed object.
The cash flow model has been introduced in June 2009. The Wind-rating model was approved IRBA compliant in January 2011 by Supervisory Authority.

The PD model is made up of a quantitative model, stemming from future cash flows' Monte Carlo simulations, whose outcome was adjusted by means of a qualitative component based on judgmental factors and weights.
Both modules (quantitative and qualitative) are mandatory for the final evaluation and the qualitative module can upgrade or downgrade by clearly defined notches. The resulting final PD is converted via master scale to the final rating of the transaction.
Also for this model rating aging restriction rules are considered as well as possibilities of override in clearly defined cases.
The Wind model has been recalibrated in September 2021.
The Wind model is subject to annual validation and regular monitoring.

Regarding LGD parameter, UCB AG developed a method to evaluate the collateral value of the Wind Energy plants. This approach is mainly based on Monte Carlo simulations of future cash flows of the Wind Energy plants. The simulations are consistently used for PD and collateral evaluation. Additionally a LGD on the unsecured exposure is determined.

Local German portfolios LGD model
The scope of application of the UCB AG Local German LGD model is all the facilities related to corporate and retail customers, except for bonds, ALF and all specialised lending.
The LGD represents the financial loss suffered by the bank on the individual transaction and is calculated as a percentage of the exposure to default. The LGD is calculated for each individual transaction and takes account of the fact that different types of default are possible:
- Liquidation: total liquidation and the relationship with the customer is terminated, the customer is removed from the portfolio;
- Settlement: the customer re-enters the performing portfolio after reporting a loss (>= €100) to the bank;
- Cure: once the period of difficulty is over, the customer re-enters the performing portfolio without reporting a loss to the bank (< €100);

For all different types of default a forced sale of collaterals is basically possible.

In the case of a "Cure", the LGD is set at 0, while in the other two cases the estimation of the LGD follows a work-out approach, with separate estimation of the recoveries deriving from collaterals and those deriving from the unsecured part of the exposure. Personal guarantees and credit derivatives are not considered in the models, since the substitution approach is used for this type of guarantees.
In order to determine the final value of the LGD, the following factors are taken into consideration:
- minimum value that the LGD can assume according legislative provisions (e.g. 10% for residential mortgages assigned to retail exposure, CRR article 164);
- the Exposure at Default;
- the sum over all collaterals securing the loan;
- estimated rate of non-cure cases;
- liquidation period;
- discounted expected recovery value of the collaterals, netted by direct costs;
- discounted expected rate of loss of the unsecured portion of the transaction; netted by the costs directly associated to the recovery process;
- percentage of indirect costs;
- any adjustment factor to considered a potential worsening of the economic cycle.

Credit risk

With regard to the procedure for estimating the recovery rate from the collateral, this has been obtained on the basis of a historical sample and calculated differently for the following types of collaterals:
- real estate;
- other collaterals.

This value has then been discounted by considering the average observed period of the collateral realizations.

Regarding the procedure for estimating the unsecured part, on the other hand, this has been carried out by rating methods (the main categories are Mid Corporate Rating, Small Business Customer Rating, Product Scoring, Commercial Real Estate, Private Customer Rating, Foreign Small and Medium Sized Enterprises) and customer segments.
The LGD model is subject to annual validation and, if necessary, to parameterization activities over time. Based on the latest validation report, the LGD model resulted adequate.

In 2020, a recalibration has been submitted to Supervisory Authority for the LGD model in order to support the inclusion of the new Definition of Default in the risk quantification phase. With reference to the quantification of the regulatory figures, the recalibration went live in July 2021 for corporate portfolio and November 2021 for Private Individuals and Small Business Customer.

In January 2021, a redevelopment of LGD model has been submitted to Supervisory Authority and is currently under assessment. The new model is in line with the Group Methodological Standard in order to comply with the most recent regulatory requirements as well as harmonize the modelling standards within the UniCredit group. The model has been fully redeveloped, with main changes like e.g. cash flow based discounting with regulatory given interest rate, changes in the collateral evaluation methodology, changed assumptions for resolution scenarios with LGD for cure cases greater than zero, changed inclusion of collateral mitigation effect, updated treatment of incomplete recovery processes, introduction of calibration step to long-run average LGD, improvements in calculation of Margin of Conservatism (MoC) to cope for deficiencies, new methodology for non-performing exposures and for downturn estimation, introduction of more risk drivers for the single LGD components.

Local German portfolios EAD model

The model is applied in UCB AG to all the credit products belonging to local partner that are IRB-A relevant (with the exclusion of the transactions belonging to partners with a Group Wide rating).

The EAD is defined as the exposure at the time of default. The exposure is the total outstanding amount before loan loss provisions and write-offs. The prediction horizon of the EAD model is one year. This means that, when the model is applied, the estimates refer to the expected exposure when default occurs within one-year time.
It is calculated for each individual transaction as the sum of two components, EAD on balance and EAD off balance, where the estimated part of the EAD is the off balance EAD.

This EAD depends on the following elements:
- CEQ: Credit Equivalent Factor; this is the credit conversion factor for the credit and represents the portion of the commitment/guarantee issued by the bank that will be used;
- LEQ: Limit Equivalent Factor; this is the percentage of the amount unused 1, 2,…,12 months before the default that is expected to be used at the time of the default;
- LOF (Limit Overdraft Factor) is the parameter that estimate the expected amount of use that, at the time of the default, will exceed the allocated maximum limit (overdraft amount);
- Endorsement: amount of commitments issued to the bank's customer;
- External line: line of credit;
- Drawing: current use of the line of credit.

The parameters defined above are then differentiated according to the product macro-typologies defined.
In 2021 no update of EAD parameters was necessary. The Model is subject to an annual validation assessment and regular calibration activities.
A redevelopment activity was started in 2021 in line with Group Methodological Standards in order to comply with most recent regulatory requirements as well as harmonize the modelling standards within UniCredit group.

Local Models, UniCredit Leasing GMBH and Subsidiaries[30] (UCLG)

Due to UCB AG's strategic decision to run down business of UniCredit Leasing, all UCLG IRB models have been decommissioned from IRB approach and the permanent partial use of the Standardised approach applies since December 2021 after the approval of the Supervisory Authority. Affected models are: German Mid Corporate, Small Business, Specialised Lending, Local LGD, Local EAD and Group Wide models.

30 UniCredit Leasing Finance GMBH, UniCredit Leasing Aviation GMBH.

Credit risk

Local Models, UniCredit Bank Austria AG

Mid Corporate rating model

The “Firmenkundenrating” rating (Mid Corporate PD rating model) is applied to customers domiciled in Austria or in any other country with annual turnover of more than €3 million and less than €500 million. The model consists of three components: a quantitative module, a qualitative module as well as a behaviour model.
The risk factors for the quantitative module have been selected on the basis of both statistical and expert criteria.
The principal risk factors included in the quantitative module generally cover the following areas of analysis:
- repayment and capability;
- structure of liabilities;
- dynamic factors (such as turnover trend);
- equity ratio.

The qualitative module covers the areas of analysis relating to:
- management quality;
- accounting and reporting;
- equipment, systems and organization;
- market and market position;
- level of orders/utilization of capacity;
- the behaviour module focuses on credit and overdraft behaviour, and is fully automized via a monthly run, allowing a prompter analysis of customer risk.

The “qualitative rating”, the “financial rating” and the “behavior rating” are combined to obtain the so-called “Combined Customer Rating”.
The “warning signals” are applied to this rating in order to obtain the “Modified Customer Rating”. It is also possible to apply an override to this rating, thus producing the “Stand alone Customer Rating”. If this rating is older than 12 months or the used information of the financial rating is older than 24 months, an “age restriction” is applied, resulting in a downgrade.

The Mid Corporate rating model is calibrated on the UCBA AG’s data sample (time series starting with 2002) and the model is based on logistic-regression concept.
In June 2019 a redevelopment of the PD Mid Corporate model has been submitted to Supervisory Authority to comply with the new regulatory requirements as well as harmonize the modelling standards within the UniCredit group. Main changes included the increase of turnover threshold for the Mid Corporate perimeter from €1.5 million to €3 million resulting in a shift of (small) corporate customers to the rating model Small Business; the new PD model introduced a behavior scoring component and was updated in regard of the quantitative and qualitative modules, whereas the former model only contained of a quantitative and a qualitative module. The new development considered the new Definition of Default.

The new model, including the new Definition of Default and the enhancing of the used time history by the two most recent years, was implemented in July 2021 upon the approval by ECB.

Income Producing Real Estate (IPRE) and the Real Estate Customer (RECR) rating model

In September 2019 two material model changes have been submitted to Supervisory Authority consisting in the setup of a slotting model for IPRE transactions and model redevelopment for RECR PD, to comply with the new regulatory requirements as well as harmonize the modelling standards within the UniCredit group.

For the IPRE model the former transaction based PD approach was decommissioned and is substituted by a slotting approach. The IPRE model is therefore a slotting model applied to a particular type of specialised loans linked to “cash flow based” real estate transactions in which the bank has direct access to the cash flows deriving from the transaction. In this type of transaction, the essential question is if a ring-fenced structure is available as well as the cash flows from the transaction are sufficient to repay the loans to the bank.
The slotting model distinguishes between buildings under construction or completed as well as on the exit strategy (sale of the building/renting of the building). Operating instructions are given for each slot and risk area to evaluate the riskiness of the project along the different areas. Responses are weighted with triple rounding and clustered into the categories from 1{Strong} to 4{Weak}. Special warning signals, ageing & override reasons allow adjustments of the calculated values.
The Real Estate Customer rating (RECR) is a “corporate rating” coping with “real estate investors”, “real estate developers”, and “public value joint building associations”. For all of these, a quantitative module (referring to the balance sheet data), a qualitative module as well as behaviour module are used.
The RECR model is calibrated on the UCBA AG’s data sample (time series starting with 2007) and the model is based on logistic-regression concept. After integration, further adjustments are applied to take account of warning signals, over rulings and “age restrictions” (according to the age of the rating/balance sheet).

Credit risk

For RECR PD model, the main changes vs. the old model are changes in the segmentation (incorporating of some of former Small Business customers, Public Value Joint Building Organization as well as parts of former IPRE portfolio) as well as the revision of the model itself. Therefore, the financial module as well as the qualitative module were reworked, whereas the behaviour module was introduced as new component. Changes included the new definition of default.

Both the new slotting model for IPRE and new model for PD RECR were implemented in July 2021 upon ECB authorization.
Furthermore, for the RECR, the new model went live together with a calibration including the new Definition of Default and the enhancing of the used time history by the two most recent years.

Local Austria portfolios LGD model

The LGD model developed by UCBA applies to all facilities related to all local customer segments (both corporate and retail).
The LGD represents the financial loss suffered by the bank and is calculated as a percentage of the exposure at default. The local LGD model is based on average calculation of the internal data of defaulted borrowers and represents a transaction-specific workout LGD approach.
The methodology accounts for three potential default events as outcome of the workout process for defaulted clients:

- Cure/Re-aging: return of the client to the performing portfolio without relevant loss for the bank;
- Settlement/Restructuring: re-entering of the client in restructured form to the performing portfolio with a loss (> €100) for the bank;
- Liquidation: complete collateral realization and debt enforcement with termination of credit relationship.

After closure of the workout process all defaults can be associated to one of the three default events and an ex-post LGD is calculated, based on the realized revenues and costs. In doing this, all single cash flows are discounted to the moment of default.
The general scheme of the LGD model in BA provides separate estimation of the recoveries deriving from collateral and those deriving from the unsecured part of the exposure. Personal guarantees and credit derivatives are not taken into account in the models, since the substitution approach is used for this type of guarantees.
In order to determine the final value of the LGD, the following quantities are taken into consideration:

- EAD;
- expected recovery rate of the collateral net of direct costs (especially regarding estimation of specific collateral haircuts based on realized recoveries and depending on collateral type);
- expected recovery rate of the unsecured portion of the transaction net of direct costs;
- recovery process duration;
- discounting factors;
- indirect expenses rate (as result of the internal bank processes in the workout units);
- certain margins of conservatism and general conservatism to cover possible estimation inaccuracies;
- downturn factor.

With regard to the procedure for estimating the recovery rate of collateral, this has been obtained on the basis of a historical sample and calculated differently for the following main collateral types with possible consideration of additional segmentation criteria:

- residential real estate;
- commercial real estate;
- other real estate;
- financial collateral;
- life assurance policies;
- receivables;
- other physical collateral.

Concerning securities, an internal model for own volatility estimates (internal haircut model) has been implemented.
With regard to the procedure for estimating the “unsecured” part, on the other hand, this has been carried out separately for eight local categories primarily based on customer segments (the three main categories are private individuals, small business and corporate) in addition to applied Group Wide models (especially for Sovereigns, Banks and Multinational Corporates). For private individuals and small business a further drill-down into exposure class and currency is in place.
Furthermore, for the defaulted portfolio the “best estimate LGD” with a further drill-down by time-buckets for all eight local customer segments is in use.
Local LGD model is estimated on the UCBA AG’s data sample (time series starting with 2008) and the model is based on average values, the LGD values are re-estimated regularly to include the latest observations.
The downturn LGD component is based on the Austrian GDP, which is used as a predictor for systemic risk. UCBA AG’s downturn methodology analyses the correlation between the negative trend of GDP (recession) and the subsequent increase of LGD values (NRR vintages).

Credit risk

In 2019 an annual re-estimation of LGD to recalculate the local LGD parameter based on a longer time series (up to 2017) was implemented. Furthermore, in July 2021 a recalibration went live including the new Definition of Default and enhancing the used time history by the two most recent years.

In January 2021 a model redevelopment for LGD has been submitted to the Supervisory Authority to comply with the new regulatory requirements as well as harmonize the modelling standards within the UniCredit group, for which the authorization process is ongoing.
Main changes vs. the currently implemented model include: (i) perimeter of new model incorporating the scope of the new rating models for RECR submitted in Sept 2019 and Mid Corporate, Small Business and Private Individuals submitted in June 2019, and excluding in the scope the IPRE PD, since a dedicated material change requiring for IRB Slotting approach was submitted in September 2019; (ii) the model is developed for Regulatory purposes following the Secured/Unsecured approach, embedding all steps characterizing the risk differentiation and risk quantification phases; (iii) application of the Regulatory Haircut for financial collateral; (iv) new methodology for the ELBE calibration; (v) new methodology for Downturn calibration; (vi) minor changes on the methodology for the new DoD adjustment and extension of new DoD adjustment on Defaulted Assets model; (vii) new methodology for the computation of Margins of Conservatism.
New LGD model is based on recent PD and LGD models recalibration performed and submitted as ex-ante changes in 2020; the calibration already includes the changes due to the new DoD (EBA/GL/2016/07, EBA RTS/2016/06).

Local Austria portfolios EAD model

The EAD model determines the expected exposure on a transaction at the time of default. It is estimated for each individual transaction by using the following information:

- effective exposure at the time of the estimation;
- amount of guarantees/commitments issued by the bank to the counterparty;
- allocated maximum credit limit;
- currency (EUR or non-EUR).

The estimated parameters are as follows:

- CEQ (Credit Equivalent Factor): this is the credit conversion factor for contingent liabilities, and represents the portion of the commitment/guarantee issued by the bank that will be used;
- LEQ (Limit Equivalent Factor): this is the percentage of the amount unused 12 months before default that is expected to be used at the time of default;
- LOF (Limit Overdraft Factor): estimates the expected used amount at the time of default that will exceed the allocated maximum limit (overdraft amount) in relation to the external line size;
- BO (Base overdraft): an absolute amount (EUR) that estimates the overdraft independent of external line size (in particular relevant for “small” external lines).

Up to 12 monthly snapshots for each transaction were used and the parameters have been estimated by calculating averages for each segment. This segmentation is based on the product and customer categories.
EAD model is estimated on the UCBA AG’s data sample (time series starting with 2005). The EAD parameters are re-estimated regularly on a regular basis to include the latest observations.
In 2019 an annual re-estimation for the local EAD model has been conducted by extending the time series by another year (ranging from October 2005 to December 2017) spanning a period of more than 10 years.
A redevelopment activity was started in 2021 in line with Group Methodological Standards in order to comply with most recent regulatory requirements as well as harmonize the modelling standards within UniCredit group.

Internal Validation Activity

An ongoing validation process by independent local validation function as well as Group Validation function is in place and all IRB PD as well as LGD and EAD models are validated on a regular/yearly basis.
The validation procedure is based on aligned validation method framework to clearly identify the scope of validation activities and final judgment. In case validation results show that improvements in credit risk models would be necessary, the Model Development function has to address that in an appropriate action plan to solve those items.

Initial validations were conducted for the abovementioned redevelopment activities (i.e. re-developed PD models Mid-Corporate, Private Individuals, Small Business, RECR and slotting model IPRE, and LGD during 2019 and 2020). The initial validation consisted of a detailed assessment of model performance, development data, IT environment and credit processes. For all models an improvement of model performance and accuracy could be observed. After Go-Live of the model e.g. of the PD models in 2021, the ongoing validation cycles will start on basis of the new models and will continue to track the consistent mitigation of the open findings across the different IRB models.

Credit risk

Local Models Central and Eastern European Countries

With reference to the Group perimeter in the Central and Eastern Europe (CEE) area, the Group was authorized since 2011 to use the F-IRB approach for measuring the capital requirements for credit risk in Czech Republic, Bulgaria, Slovenia and Hungary, and starting from 2012 also in Romania and Slovakia.
Beside this, the use of A-IRB approach has been authorized in Czech Republic, starting from September 2014, with specific reference to the local Czech portfolio, and from June 2020 with specific reference to Retail Slovak portfolio. In Bulgaria the use of A-IRB approach has been authorized starting from July 2016.

PREVAILING ASSET CLASS	RATING SYSTEM	LEGAL ENTITY
Corporate	CZ Mid-Corporate (PD, LGD, EAD)	UCB Czech Republic & Slovakia*
	SK Mid-Corporate (PD)	
	CZ IPRE (PD, LGD, EAD)	
	SK IPRE Slotting Criteria	
	CZ Local Leasing (PD, LGD, EAD)	
Retail	SK Small Business (PD, LGD, EAD), CZ Small Business (PD, LGD, EAD)	
	SK Private Individuals (PD, LGD, EAD), CZ Private Individuals (PD, LGD, EAD)	
Corporate	Mid -Corporate (PD, LGD, EAD)	UCB Bulgaria
	IPRE Slotting Criteria	
	Project Finance Slotting Criteria	
Retail	Small Business (PD, LGD, EAD)	
	Private Individuals (PD, LGD, EAD)	
Corporate	Mid-Corporate (PD)	UCB Slovenia*
Corporate	Mid-Corporate (PD)	UCB Hungary*
Corporate	Mid-Corporate (PD)	UCB Romania*

Note:
(*) These Banks are currently authorized only to use the IRB Foundation approach, therefore they only use PD internal estimations for determination of capital requirements.

The existing framework for the local Corporate/Retail exposures consists of:
- the Mid-Corporate rating model generally based on the combination of:
  - the financial module;
  - the qualitative module;
  - the behavioural module (only for some Legal Entities);
  - the definition of a warning signals set and an override system.
- the IPRE (Income Producing Real Estate) rating model, developed alternatively using the supervisory Slotting Criteria approach or an internal cash flows simulation approach;
- the Small Business rating model, generally foreseeing the following component:
  - socio-demographic (only for some Legal Entities);
  - financial (based on client type: Full accountancy, Simplified accountancy, Freelancers, etc.);
  - qualitative;
  - behavioural.
- the rating system for Private Individuals usually foreseeing several scorecards developed at product level for both application and behavioural phase.

Specific details are provided below.

Czech Republic and Slovakia

Since December 2013, UniCredit Bank Czech Republic a.s. is named UniCredit Bank Czech Republic and Slovakia a.s. (UCB CZ&SK) following the merger with UniCredit Bank Slovakia a.s. However, different IRB authorized local models have been maintained for the treatment of Czech and Slovak exposures respectively.

UCB CZ&SK was authorized since 2011 to use the F-IRB approach for measuring the capital requirements for credit risk for Czech part of portfolio and from 2012 for the Slovakian part. The use of A-IRB approach has been authorized in Czech Republic, starting from September 2014, with specific reference to the local Czech portfolio, and from June 2020 with specific reference to Retail Slovak portfolio.

Credit risk

Following the new Group Methodological Standards as well as to harmonize the modelling standards within the Group and include the changes due to the new Definition of Default, the following material model changes have been performed:
- a unique PD model for CZ and SK Mid-Corporate portfolios, in order to replace the two separate models currently in production, including also a material model extension of the range of its application to CZ Leasing portfolio with the consequent decommissioning of the current authorized internal model CZ PD Leasing (submission in September 2019), authorization by Supervisory Authority in November 2021 and implementation planned in 2022;
- a unique cross-countries model for both CZ and SK IPRE portfolios to replace the two separate models currently in production (a slotting one for SK) applying also a more strict definition of IPRE segment, resulting in a shift of some customers into Real Estate segment treated with the Mid Corporate PD model and reducing the scope of the IPRE model (submission in September 2019 and the authorization process is ongoing);
- a unique PD model for CZ and SK Private Individuals, to replace the two separate models currently in production, reworking and integrating several distinct informational areas (modules and sub-modules) resulting into common CZ&SK ones with exception of Credit Bureau sub-module with dedicated Czech and Slovak scorecards and credit cards with application module on Czech side and flat PD on Slovak side (Submission in October 2020 and the authorization process is ongoing);
- a unique EAD model for CZ and SK portfolios, in order to replace several separate models currently in production, introducing also the “drawings after default” component and an EAD Defaulted Asset model (Submission in October 2020 and the authorization process is ongoing);
- a unique PD model for CZ and SK mall Business, to replace the two separate models currently in production (Submission in March 2021 and authorization process is currently ongoing);
- a unique LGD model for both CZ and SK portfolios with the aim to replace several separate models currently in production (submitted to Supervised Authority for approval in March 2021; the authorization process is currently ongoing).

In July 2021, the recalibrations of PD and LGD models in production for CZ and SK Mid Corporate, Private Individuals and Small Business to support the inclusion of the new Definition of Default in the risk quantification phase went live.
Both newly re-developed models submitted to ECB in March 2021, i.e. CZ&SK LGD and CZ&SK PD Small Business, were subject to an initial validation activity performed in line with Group validation methodology and including an assessment of the model per se, underlying data preparation process, IT-related aspects, and RWEA impact simulation. Also subject to validation review was the recalibration of the new CZ&SK PD Mid Corporate model, aimed at updating the time series and addressing several regulatory obligations already prior to the model’s productive go-live.

Finally, with regards to the other minor rating systems (Public Sector Entities, Municipalities, Religious Companies) (PD, LDG, EAD) in UC CZ, the models have been decommissioned in 2021 due to immateriality of exposures in the portfolios and the permanent partial use of the standardised approach is applied for the underlying portfolios.

Bulgaria
Starting from January 2011, UniCredit Bulbank has been authorized to the PD Mid- Corporate model as well as to the estimation of specialised lending exposures using the “supervisory slotting criteria”.
Moreover, also the Private Individual and Small Business PD models, together with the LGD and EAD models for both local Corporate and Retail exposures have been approved as A-IRB compliant since July 2016.

Following the new Group Methodological Standards as well as harmonize the modelling standards within the Group and including the changes due to the new Definition of Default, the following material model changes have been performed:
- PD Mid Corporate and PD Small Business models, where the main changes with respect to the currently implemented models include the revision of: segmentation criteria; Financial module (in line with Group Common Long list); Application module (by including Socio-demographic and External Bureau modules); Behavioural module (on client level and based on Group Common Long list); integration logic between Application and Behavioural modules. Finally, a recalibration on a 9-years Central Tendency (2008-2016 default time frame), calibration methodology revision and introduction of overall Margin of Conservatism (MoC) have been performed (submission in September 2019, authorization in November 2021 and go-live planned in 2022);
- IPRE Slotting model, where the main changes include the revision of segmentation criteria; the introduction of additional assessment factors as well as 4 scorecards based on the Exit strategy and Construction phase; the update of the weights on each assessment factors and the calibration of the IPRE slotting criteria model to a Central Tendency (CT) based on long run average default rate (submission in September 2019, authorization in November 2021 and go-live planned in 2022);
- PD Private Individuals where the main changes with respect to the currently implemented models include the revision of the segmentation criteria and of the model structure by introducing additional modules and specific modules combination to assign final customer rating; recalibration of the Central Tendency based on 2008-2016 default time frame and calibration methodology revision; introduction of an overall Margin of Conservatism (submission in May 2021 and currently under Supervisory assessment).

Credit risk

Romania
Between 2010 and March 2011, the “Mid-Corporate” rating model was refined, implying a deep customization of both financial and qualitative modules according to country specific default experience and a new calibration process was carried out.
In 2015 a further revised model was authorized with improved Financial and Qualitative modules and ensure a more comprehensive model design through the introduction of a Behavioral component and using a longer time series.
A further revision of the Mid-Corporate model, aiming at extending the time series, used for behavioral module development, was performed during 2017, submitted to the Supervisory Authority in December 2017, authorized in May 2020 and implemented in June 2020.
In July 2021 a recalibration has been implemented to support the inclusion of the new Definition of Default in the risk quantification phase.
In January 2021 a redevelopment of the new Mid Corporate model has been submitted to the Supervisory Authority driven by the necessity to comply with new EBA Guidelines, TRIM Guidelines and regulatory changes on the New DoD as well as to address Supervisory Authority recommendations; it is currently waiting for Supervisory Authority authorization. The A-IRB application for Corporate, Retail and Group-wide exposure has been postponed and will be evaluated within a broader revision of the Group IRB roll-out plan.

Slovenia
The current version of Slovenian “Mid-Corporate” rating model was authorized by ECB in 2019 after a refinement aimed at the resolution of regulatory and internal control function findings.
In July 2021 the reversion to the use of the Standardised approach and the application of the permanent partial use for the Mid Corporate portfolios has been requested considering the immateriality of the Slovenian PD Mid Corp model at Group level; the authorization process is currently ongoing.

Hungary
The Mid Corporate Hungarian PD model was refined in 2017 in order to enhance its discriminatory power and, following the Supervisory Authority’s authorization in February 2019, the model has been implemented for regulatory reporting purposes from March 2019.
In November 2021 a new PD Mid Corporate model, upon authorization by Supervisory Authority, was implemented, following the new Group Methodological Standards and including the changes due to the new Definition of Default.
The main changes include the update of the qualitative and financial modules, the introduction of a new behavioral component, a new Central Tendency (CT) computation methodology, the extension of times series and the updated of Margin of Conservatism (MoC) methodology.

Retail exposures (exposures secured by residential property; qualifying revolving retail exposures; other retail exposures)

Local Model, Italian Legal Entities

Italian Small Business Rating model
The Integrated Small Business Rating (RISB) provides a rating for the counterparties of UniCredit S.p.A. with revenues (or total assets if revenue information is not available) up to €5 million, according to the segmentation used by the constitution of UniCredit S.p.A.
The model has been structured in order to optimize the aggregation of different informative sources, both internal (qualitative, financial, customer data and behavioural) and external (Bank of Italy’s Centrale dei Rischi - “CE.RI” - data flows and other private providers), differentiating lending between new or existent customers and on a corporate segmentation that reflects the company size and seniority within the market. The modules underlying the model are the following:
- customer data;
- external behavioural module (CE.RI – Centrale Rischi/ SIA S.p.A.[31]);
- financial module not applied for NEOC (companies established from less than 21 months) and POE (small agents) counterparties;
- credit bureau modules[32];
- qualitative module;
- internal behavioural module.

Regarding the counterparties related to Real Estate Small Business segment, the model is derived from the integration of a financial module defined specifically for this type of counterparties and the set of modules in use as part of the Small Business Integrated Rating (RISB), except for the module related to customer data. See RIC model section for more details on Real Estate segment.
Also with reference to the perimeter Small Business, the bank has adopted an “ad hoc” approach to assess the creditworthiness of Corporate Customers belonging to an economic group in analogy to what is indicated for the Mid- Corporate model.

31 Company that manages the Interbank Alarm Center
32 Credit Bureau managed by the companies Experian and CRIF

Credit risk

In January 2019 a revised PD model has been authorized by ECB and implemented in May 2019, including further enhancement (e.g. the model recalibration on updated time series up to December 2016 and the update of Definition of Default according to Capital Requirement Regulation (CRR) overcoming the technical past due treatment).

In 2019 the historical time series have been extended up to 2017 and implemented corrective actions requested by Group Internal Validation.

In April 2021, a recalibration of the RISB model consistent with the new Definition of Default was released in production.

Italian Small Business LGD model

In reference to the LGD model for the small business segment, see the description under "Local Italian Corporate LGD Models".

Private individuals Rating model

New PD model at counterparty level (RIP-One).
Starting from November 2021, after approval by the Regulator, the Bank has adopted the new IRB RIP-One system for estimating credit parameters (PD; LGD, EAD) of the Private Individuals perimeter.

With reference to the PD parameter, the new rating system completely modifies the paradigm of the previous models by replacing the product approach with a counterparty approach. The statistical model therefore assigns a PD parameter to the debtor in its entirety, also taking into account the mix of products in its credit portfolio.

The operating logics of the model are summarized in the following points:
- each exposure to the debtor is valued separately on the basis of his seniority:
  - exposures with less than 6 months of seniority, or exposures in the Origination phase, are assessed by the Application Component which considers the following information:
    - socio-demographic information (educational qualification, type of occupation, etc.);
    - characteristics of the credit product underlying the exposure - these information depends on the type of product aggregated into the macro-categories Mortgage Loans, Personal Loans, CQS, Overdraft, Credit Card;
    - information provided by the CRIF and Experian databases;
- exposures with more than 6 months of seniority are instead evaluated through the Behavioural Component which considers the following main information:
  - Equity of the debtor (Financial assets);
  - Presence of unpaid instalments on loans;
  - % of outstanding debt to be repaid on loans;
  - Presence of any past-due periods on Credit lines;
  - Draw level on Credit lines.

When each exposure has been assessed by the appropriate score, these are summarized at the debtor level in a single score value.
The debtor's score is finally transformed into PD through the calibration process; the model recognizes the EBA requirements for the new Definition of Default right from the model development activities and obviously in the risk quantification phase.
The model forces PD to more conservative levels when the following events are detected:
- evidence found on particularly negative external databases (CRIF, Experian, Ce.Ri);
- in case of assignment of the rating to a joint account, negative evidence found on the co-obligors;
- forborne classification of the debtor.

The RIP-One provides for an automatic update of the Rating on a monthly basis across the entire reference portfolio.
It is important to underline that Natural Persons model characterized by entrepreneurship risk ("Private-like") are excluded from the scope of application of the RIP-One, these debtors are included into the broader Small Business segment planned to be submitted in 2022 as a sub-model of the overall new RISB model. Until the adoption of the new RISB model, the old rating models based on the “by product” approach (Mortgages RIP-MI, Overdraft & Credit Cards and Personal Loans) will continue to be applied to these debtors, for which a brief description is provided below.

Mortgages (RIP-MI)

The target portfolio of the Integrated Individual Rating (RIP-MI) model consists of all categories of mortgages handled at UniCredit S.p.A. which are used for the purchase, construction and re-modelling of residential properties by individual customers and for the purchase of properties for business purposes carried out by individuals included in the Family Firm sector. The RIP-MI rating model uses different information as risk driver depending on whether the calculation is referred to the loan approval phase or to the monthly monitoring during the life of the mortgage.

Credit risk

The score used for the evaluation of the mortgage lending phase is based on the information reported below, divided into similar groups:
- demographic information, income and Credit Bureau (Experian, and CRIF) figures relating to the loan requestor (holders);
- characteristics of the loan required (duration, Loan to Value, etc.);
- financial asset evaluation of the holders and their family;
- information related to the company performance to which the holders are connected (if present);
- Central Credit Register (if present).

The RIP-MI rating model used in post-delivery phase calculates on a monthly basis the mortgage rating of loan massively on the entire portfolio residential mortgages.

The information modules underlying the model for the behavioural phase are the following:
- behavioural information of loan (severity, presence of historical accidents, length of the loan, any historical insolvency trend);
- balance sheet of the holders and their nucleus (financial assets and current accounts);
- information related to the company performance to which the holders are connected (if present).

In December 2018 a recalibration of the RIP-MI PD model (together with LGD and EAD models) - aiming at updating the regular time series and addressing at the same time findings/recommendations issued by Supervisor during the 2017 on-site TRIM (Targeted Review of Internal Models) inspection and Internal Control functions - was implemented. The remaining recommendations have been addressed in the new Private Individuals Rating model RIP-ONE.

Overdraft Credit Cards and Personal Loans[33]
The Integrated Individual Rating (RIP) for Overdraft and Credit Cards is aimed to estimate credit worthiness of private individuals with in current account facilities (overdraft, guarantee/endorsement loan, credit cards) and it derives from the integration of several basic score modules that use internal information (balance sheet, behavioral and customer data information) and external Credit Bureau information.

The integration of the different modules produces: (i) an underwriting score, used to estimate the credit worthiness both in granting and in renewal phase, and (ii) a monitoring score, used to evaluate the client who already has a relationship with the bank. For both phases there are specific models based on the type of credit line and customer.

The information underlying the financial/personal data module – collected during the underwriting process and rarely updated during the monitoring of the loan – are progressively underweighted in the model. On the contrary, the behavioral variables, potentially absent in the underwriting phase (new client), are explicative and monthly updated during the monitoring activities. The behavioral information provided by CRIF are updated on a quarterly basis.
In 2016, the calibration activity relating to the 2015 default rates was completed and implemented into production for managerial purposes in November 2016.The initial validation and subsequent ones have highlighted the need for a simplification of the model framework.

The PD rating system for Personal Loans (RIP PP) is composed by different models according to the purpose of use (underwriting or monitoring), the underwriting channel and the application portfolio, in order to identify the peculiarities of the different segments in terms of business management, risk and statistical properties.
The model examines the same information assets evaluated for the granting of Mortgage considering the peculiar characteristics the financing in question.
Also on this model the Group Internal Validation highlighted the possibility of a further simplification of the overall model framework.

Local Italian retail LGD model
The Retail segment LGD models for Italian local portfolios have been revised during 2013 according to the logic and methodology used for the Corporate segment, to which we refer for more detailed information.
Both are characterized by:
- a high level of sample representativeness, considering also the last period losses, the ex-Capitalia exposures, the so-called incomplete work out, etc.;
- the use of current rates instead of historical rates in the actualization methodology;
- the introduction of specific Defaulted Asset modules.

In the fourth quarter 2017 a recalibration of the Mortgage Loan LGD model, together with further LGD refinement, has been implemented. The relative ongoing validation expressed a positive opinion showing an "Adequate" Overall Validation Assessment also concerning Defaulted Asset. Also with reference to the current account, overdrafts and credit cards model, the validation provided an evaluation of substantial compliance with regulatory requirements.

33 The Overdraft & Credit Cards and Personal Loans rating systems are authorized since 2010 but reported under Standardised approach for regulatory purposes.

Credit risk

In December 2018 a new recalibration of the RIP-MI LGD model (together with PD and EAD models) - aiming at updating the regular time series and addressing at the same time findings/recommendations issued by Supervisor during the on-site TRIM 2017 ("Targeted Review of Internal Models") inspection and Internal Control functions was implemented.

Since November 2021, a new development of Private Individuals LGD model (covering the whole product portfolio), consistently with the RIP-ONE Rating Model revision, has been released in production upon the Supervisory Authority authorization.

Local Italian EAD individuals model
As for the PD and LGD parameters, starting from November 2021 after approval by the Supervisory Authority, the Bank has adopted the new EAD model RIP-One for the counterparties belonging to Private Individuals segment of UniCredit S.p.A.

EAD model is based on different model component that are combined to obtain final EAD estimates. These components are partly estimated via statistical analysis within the so-called risk differentiation phase, where the relation between a target variable and various potential risk drivers is assessed, in order to select the best predictive variables. Other components that concur to the final EAD estimates are computed within the risk quantification phase that aims at calibrating the estimates to the observed long-run average of the parameter as well as reflecting downturn conditions and including appropriate Margin of Conservatism (MoC).

The adopted approach is the 12-month fixed horizon approach, in line with article 245 of Basel III which envisages the identification, for each obligor, of both the default entry date and the reference date corresponding to twelve months prior to the default entry date.

The perimeter of EAD model application/estimation has been defined taking into account the specific features of the facility, as represented by the following macro-categories:
- Banking Credit Exposures with the possibility of drawing a Credit Limit, including traditional credit lines;
- Banking Credit Exposures with predefined maturity and without Credit Limit to be drawn- only work in progress mortgages can be considered;
- Multipurpose credit lines (MPCL).

The methodological approach foresees the estimation of two different model components to define the Exposure at Default: the Limit Equivalent Factor (LEQ) and the Limit Overdraft Factor (LOF).
LEQ focuses on the behaviour of drawings within the granted amount; this component aims at forecasting the share of the exposure within the credit limit that will be drawn in the timespan between the reference date and the date of default.
LOF focuses on the overdraft component; this component aims at forecasting the share of the exposure above the credit limit that will be drawn in the timespan between the reference date and the date of default.

Local Model, German Legal Entities

Small Business rating model
The "SBC" rating model applies to German customers with a reported production value/turnover up to €5 million and private individuals with main income from self-employment (Freelancers/Individual entrepreneurs/Full-liability single-person company business), excluding Specialised Lending and Real Estate Customer.

In November 2021 a redevelopment of the Small Business PD model has been implemented following ECB authorization. The new model complies with Group Methodological Standards and new regulatory requirements.
Main changes include: the update of customer segmentation, development of new socio-demographic, financial and behavioural score modules (replacing the current ones), development of new integration function of the three modules, introduction of automatic monthly re-rating process, elimination of unrated customers and re-calibration of the model as well as consideration of a new Margin of Conservatism (MoC) concept according to the Group Methodological Standards.
For risk differentiation purposes, the portfolio is divided into new clients and existing clients. Based on the customer's characteristics and segmentation (e.g. new clients or existing client, type of product, exposure and legal form), the model determines which modules (socio-demographic, financial, behaviour, or external credit bureau module) are relevant for the rating of the customer and computes the corresponding scores. These single scores are then aggregated by using an integration function to a sub-model from which the final rating of the customer is finally derived.
According to new rating model, a client either receives an Application Score, a Monitoring Score or, during a transition period, a weighted combination of the two. For two segments with special kind of obligations and with a low materiality, one constant PD is used for all obligors within the segment (so-called flat PD segment). The segmentation used for calibration differentiates the legal form of the client (natural vs. legal persons) and considers a special segment for unauthorized overdrafts.
A recalibration for Small Business PD model to support the inclusion of the new Definition of Default in the risk quantification phase was applied with the go-live of the new model in November 2021.

Credit risk

The Small Business PD model is subject to an annual validation and quarterly monitoring.
With reference to the LGD model refer to the description in the paragraph “Local German portfolios LGD model”.

Private Individual rating model
The “Private Individuals” rating model applies to German customers whose main source of income is "private income", e.g. employment income, capital income, pensions and income from real estate. Individuals with high property lease income are excluded as they are considered as part of the “Commercial Real Estate” portfolio and assessed using the appropriate rating system.

In November 2021 a redevelopment of the model has been implemented following the ECB authorization. The new model complies with Group Methodological Standards and new regulatory requirements. Main changes include: the update of customer segmentation, development of new socio-demographic, product-financial and behavioural internal score modules (replacing the current product scorecard model structure), development of new integration function of the three modules plus an external (credit bureau) module, introduction of automatic monthly re-rating process and re-calibration of the model as well as consideration of a new Margin of Conservatism (MoC) concept according to the Group Methodological Standards.
This rating model calculates the model PD on client level and comprises several scores, called Application Scores and Monitoring Scores. The Application Scores are composed of modules covering product-specific information, a socio-demographic module based on client information and external information. The Monitoring Score is composed of a behavioural module and external information. According to new rating model, a client either receives an Application Score, a Monitoring Score or, during a transition period, a weighted combination of the two. The application phase starts with the assignment of an Application Score appropriate for the requested product. After six months, it starts to phase in the Monitoring Score.

A recalibration for Private Individuals PD model to support the inclusion of the new Definition of Default in the risk quantification phase was applied with the go- live of the new model in November 2021.
The Private Individuals PD model is subject to an annual validation and quarterly monitoring.
With reference to the LGD model refer to the description in the paragraph “Local German portfolios LGD model”.

Local Models, UniCredit Leasing GMBH and Subsidiaries (UCLG)[34]
As mentioned in the corporate section, due to UCB AG’s strategic decision to run down business of UniCredit Leasing, all UCLG IRB models, including Small Business, have been decommissioned from IRB approach and the permanent partial use of the Standardised approach applies since December 2021 after the approval of the Supervisory Authority.

Local Model, Bank Austria

Small Business rating model
This rating model is applicable to Austrian small business clients up to €3 million annual turnover or to self-employed natural persons.
The general design of the model consists of an “application module” and a “behaviour module”.

The application module is applied principally in the following cases:
- new client;
- the customer requests a further line of credit for which the total exposure exceeds €0,1 million or there is no behaviour score (irrespective of the amount of the exposure).

The application module contains socio-demographic, financial information (for clients with balance sheet) as well as an external score about the counterparty. The quantitative risk factors cover the following areas of analysis:
- profitability;
- debt coverage;
- debt ratio;
- earnings.

The socio-demographic module covers the areas of analysis relating to:
- industrial sector/line of business;
- experience of management;
- client history.

For customers without a behavior component the external score is used, whereas for customers with existing behavior score no external information is additionally incorporated.
If the customer’s transaction is older than 6 months, the behaviour module is calculated automatically on a monthly basis.

34 UniCredit Leasing Finance GMBH, UniCredit Leasing Aviation GMBH.

Credit risk

The modules (socio-demopraphic, financial external and/or behaviour) are combined according to the exposure and the age of the application score in order to obtain a combined PD, which, once mapped to the master scale, determines the "calculated rating". The final "valid rating" is obtained by modifying the calculated rating on the basis of any available negative information or of "warning signals" in general.
Small Business rating model is calibrated on the UCBA AG's data sample (time series starting from 2007) and the model is based on logistic-regression concept.

In June 2019 a redevelopment of the PD Small Business model has been submitted to Supervisory Authority to comply with the new regulatory requirements as well as harmonize the modelling standards within the Group. Main changes include the increase of the turnover threshold from €1.5 million to €3 million resulting in an incorporation of (small) corporate customers to the rating model Small Business. Moreover, quantitative component of Application module and Behaviour module were reworked from current model and Socio Demographic module and External module, only for customer having no Behaviour module, were introduced as new components. New Definition of Default was applied for the model development.
The new model was implemented in July 2021 upon the Supervisory Authority approval.
Furthermore, with the go live of the new model, also a recalibration was implemented in order to support the inclusion of the new Definition of Default in the risk quantification phase also enhancing the used time history by the two most recent years.
Regarding to the LGD/EAD model see as described in paragraphs "Local Austrian LGD model" and "Local Austrian EAD model".

Private Individuals rating model
The Private Individuals rating model is applicable to all individuals other than self-employed professionals and freelancers.
The BA Private Individuals' rating comprises multiple statistically derived models: two for application and one for behavioural. Depending on the customer credit portfolio (current account, mortgage, consumer loan) separate calibration segments are introduced.

For individuals without a behaviour scoring the application score is valid for the following 6 months. After 6 months, the relevant behavioral score is calculated and kept updated monthly. For individuals which are behavior scored, depending on the credit product and the exposure, this behavior scoring is also used for granting of a new consumer loan. An application scoring is only done for mortgage loans as well as high value consumer loans. Here the application and behavior scoring are combined, and valid via transition phase (lowering the weight of the application scoring) for the following 6 months. After 6 months the relevant history of the new loan is available and is fully incorporated in the monthly updated behavioral score. The resulting PD is finally mapped to a "Master Scale" consisting of 28 distinct rating notches. In case of an automatic warning signals, the customer PD is downgraded.
Private Individuals rating model is calibrated on the UCBA AG's data sample (time series starting from 2007) and the model is based on logistic-regression concept.

In June 2019 a redevelopment of the PD Private Individuals model has been submitted to Supervisory Authority to comply with the new regulatory requirements as well as harmonize the modelling standards within the Group.
In comparison to the old model, the risk is calculated on customer level in the behaviour module instead of at transaction level risk and then aggregated to client risk. Moreover, additional data sources were included, first and foremost information based on daily transaction data. For the Application module an external source, CRIF, is incorporated, enhancing the information of a client, helping to increase the discriminatory power. As part of the behaviour module simplification, the calibration segments were reduced significantly. New Definition of Default was used in the model redevelopment.
The new model was implemented in July 2021 upon authorization of the Supervisory Authority.
Furthermore, together with the redeveloped Private Individuals PD model also a recalibration went live in order to support the inclusion of the New Definition of Default in the risk quantification phase also enhancing the used time history by the two most recent years.
Regarding to the LGD/EAD model see as described in paragraphs "Local Austrian LGD model" and "Local Austrian EAD model".

Internal Validation Activity
For internal validation activity please see as described in paragraphs "Local Austrian EAD model" of Corporate.

Local Models Central and Eastern European Countries (CEE)
With reference to Retail local models of CEE Legal Entities see paragraph "Local Models Central and Eastern European Countries" in section "Corporate (non-financial companies, including SMEs, specialised lending and purchased Receivables)".

Asset Backed Commercial Paper (Securitisation)
With respect to UCB AG Internal Assessment Approach (IAA) rating model for securitisations, reference is made to the dedicated chapter "Securitisations exposures".

Credit risk

Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - AIRB

(€ million)

A-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Central governments or central banks	0.00 to <0.15	23,719	708	0.13%	24,472	0.01%	52	21.25%	2.51	1,327	5.42%	1	(7)
	0.00 to <0.10	23,719	708	0.12%	24,472	0.01%	51	21.25%	2.51	1,327	5.42%	1	(7)
	0.10 to <0.15	0	0	24.85%	0	0.14%	1	29.96%	3.32	0	28.36%	0	(0)
	0.15 to <0.25	297	91	10.01%	15	0.19%	6	32.04%	3.68	6	39.94%	0	(0)
	0.25 to <0.50	86	11	11.52%	163	0.34%	4	29.15%	4.62	88	53.98%	0	(2)
	0.50 to <0.75	112	0	-	0	0.54%	3	42.14%	3.08	0	77.57%	0	(0)
	0.75 to <2.50	381	280	56.55%	140	1.56%	14	41.39%	4.75	187	133.46%	1	(0)
	0.75 to <1.75	329	272	58.15%	140	1.56%	9	41.39%	4.75	187	133.46%	1	(0)
	1.75 to <2.50	53	8	-	0	1.79%	5	42.31%	1.00	0	92.06%	-	(0)
	2.50 to <10.00	436	226	0.92%	12	4.48%	13	47.31%	3.52	22	177.74%	0	(0)
	2.50 to <5.00	371	218	0.96%	12	4.41%	8	47.27%	3.64	21	178.49%	0	(0)
	5.00 to <10.00	65	9	-	1	5.83%	5	48.14%	1.11	1	161.69%	0	(0)
	10.00 to <100.00	372	27	32.13%	5	38.80%	8	42.56%	3.33	12	242.38%	1	(1)
	10.00 to <20.00	33	0	-	0	10.38%	2	-	3.92	-	-	-	(0)
	20.00 to <30.00	97	17	-	-	-	1	-	-	-	-	-	(0)
	30.00 to <100.00	242	11	81.33%	5	38.86%	5	42.64%	3.33	12	242.84%	1	(1)
	100.00 (Default)	352	0	-	17	100.00%	9	80.09%	2.00	2	14.01%	14	(10)
	Subtotal	**25,756**	**1,344**	**13.43%**	**24,824**	**0.10%**	**109**	**21.48%**	**2.54**	**1,644**	**6.62%**	**17**	**(21)**
Institutions	0.00 to <0.15	19,405	7,825	11.53%	20,753	0.07%	344	30.82%	2.24	4,338	20.90%	5	(24)
	0.00 to <0.10	14,350	5,367	14.26%	15,360	0.06%	226	32.89%	2.25	2,861	18.63%	3	(9)
	0.10 to <0.15	5,055	2,457	5.59%	5,393	0.12%	118	24.95%	2.23	1,477	27.39%	2	(14)
	0.15 to <0.25	2,447	821	24.22%	2,150	0.18%	81	27.87%	2.44	534	24.84%	1	(1)
	0.25 to <0.50	813	1,366	17.68%	1,184	0.35%	90	42.26%	1.71	626	52.86%	2	(23)
	0.50 to <0.75	248	317	8.11%	356	0.66%	40	29.15%	2.70	209	58.71%	1	(1)
	0.75 to <2.50	306	1,149	4.01%	570	1.60%	83	44.92%	1.50	646	113.41%	5	(17)
	0.75 to <1.75	131	598	7.16%	284	1.10%	57	32.10%	1.76	240	84.43%	1	(3)
	1.75 to <2.50	175	552	0.60%	286	2.10%	26	57.68%	1.23	406	142.26%	3	(14)
	2.50 to <10.00	326	454	12.59%	418	2.96%	52	64.88%	0.99	747	178.59%	8	(3)
	2.50 to <5.00	292	429	13.24%	403	2.82%	32	65.34%	0.98	717	177.72%	7	(3)
	5.00 to <10.00	34	25	1.60%	15	6.74%	20	52.85%	1.27	31	201.85%	1	(0)
	10.00 to <100.00	2	25	1.65%	3	23.30%	21	47.55%	1.89	9	273.02%	0	(0)
	10.00 to <20.00	0	20	-	2	18.48%	8	45.45%	2.33	6	259.99%	0	(0)
	20.00 to <30.00	0	-	-	0	21.76%	3	61.41%	1.00	0	325.38%	0	(0)
	30.00 to <100.00	1	5	8.72%	1	38.56%	10	51.35%	0.69	2	303.18%	0	(0)
	100.00 (Default)	25	-	-	25	100.00%	8	89.86%	1.00	5	20.41%	22	(25)
	Subtotal	**23,573**	**11,956**	**12.31%**	**25,460**	**0.29%**	**719**	**32.02%**	**2.20**	**7,114**	**27.94%**	**44**	**(95)**

Credit risk

continued: Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - AIRB

(€ million)

A-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - SME	0.00 to <0.15	3,026	2,973	30.74%	3,701	0.09%	2,993	17.20%	2.73	282	7.61%	1	(2)
	0.00 to <0.10	1,362	1,203	40.29%	1,865	0.06%	1,414	18.83%	2.66	121	6.51%	0	(1)
	0.10 to <0.15	1,665	1,770	24.26%	1,836	0.13%	1,579	15.54%	2.80	160	8.72%	0	(1)
	0.15 to <0.25	3,435	2,847	14.54%	3,409	0.20%	3,455	20.77%	2.37	463	13.57%	1	(4)
	0.25 to <0.50	6,602	5,483	14.01%	5,765	0.37%	7,594	24.58%	2.32	1,283	22.25%	5	(19)
	0.50 to <0.75	5,057	3,265	12.43%	4,343	0.62%	5,254	22.40%	2.31	1,110	25.55%	6	(20)
	0.75 to <2.50	14,921	8,212	18.50%	13,453	1.43%	15,147	24.01%	2.43	5,129	38.12%	48	(115)
	0.75 to <1.75	10,724	6,019	17.35%	9,558	1.17%	11,065	23.73%	2.34	3,386	35.42%	27	(74)
	1.75 to <2.50	4,197	2,192	21.66%	3,896	2.08%	4,082	24.72%	2.63	1,743	44.75%	20	(40)
	2.50 to <10.00	9,373	3,979	15.88%	8,154	4.69%	10,815	28.02%	2.41	5,068	62.16%	110	(225)
	2.50 to <5.00	5,892	2,493	16.79%	5,221	3.48%	6,593	26.73%	2.45	2,835	54.30%	49	(105)
	5.00 to <10.00	3,481	1,486	14.34%	2,933	6.86%	4,222	30.30%	2.36	2,234	76.15%	61	(120)
	10.00 to <100.00	2,163	646	21.55%	1,957	23.40%	3,541	28.10%	2.41	1,930	98.61%	134	(333)
	10.00 to <20.00	1,447	491	20.05%	1,287	14.48%	2,577	26.89%	2.51	1,170	90.87%	50	(88)
	20.00 to <30.00	236	64	14.56%	182	24.39%	434	31.86%	2.44	227	124.68%	15	(30)
	30.00 to <100.00	480	91	34.53%	488	46.56%	530	29.87%	2.15	533	109.32%	70	(215)
	100.00 (Default)	3,118	457	34.41%	3,087	100.00%	3,212	52.56%	2.24	1,032	33.44%	1,647	(1,792)
	Subtotal	**47,695**	**27,862**	**17.76%**	**43,870**	**9.53%**	**52,011**	**26.04%**	**2.41**	**16,296**	**37.15%**	**1,952**	**(2,510)**
Corporates - Specialised lending	0.00 to <0.15	1,191	310	41.01%	1,378	0.11%	56	19.00%	3.44	182	13.20%	0	(5)
	0.00 to <0.10	493	116	31.12%	550	0.07%	22	21.56%	4.06	78	14.22%	0	(4)
	0.10 to <0.15	698	194	46.94%	828	0.13%	34	17.30%	3.03	104	12.52%	0	(1)
	0.15 to <0.25	1,854	377	45.79%	1,939	0.19%	156	14.77%	3.01	280	14.46%	1	(2)
	0.25 to <0.50	3,691	1,056	41.69%	3,884	0.36%	193	22.20%	3.68	1,212	31.20%	3	(10)
	0.50 to <0.75	1,412	139	53.16%	1,479	0.64%	120	27.22%	3.82	661	44.66%	3	(2)
	0.75 to <2.50	2,790	1,337	28.50%	2,931	1.36%	203	28.18%	3.25	1,865	63.63%	11	(33)
	0.75 to <1.75	2,481	1,227	27.84%	2,606	1.25%	168	29.33%	3.28	1,719	65.97%	10	(30)
	1.75 to <2.50	309	109	35.90%	325	2.22%	35	18.95%	3.07	146	44.83%	1	(3)
	2.50 to <10.00	580	65	25.68%	607	4.21%	63	26.66%	3.28	606	99.80%	7	(10)
	2.50 to <5.00	424	54	30.05%	449	3.43%	46	29.89%	3.37	523	116.45%	6	(9)
	5.00 to <10.00	157	11	4.09%	158	6.43%	17	17.46%	3.04	82	52.30%	2	(2)
	10.00 to <100.00	228	2	32.18%	66	15.48%	14	15.17%	2.48	41	62.84%	1	(2)
	10.00 to <20.00	228	2	32.18%	65	15.40%	12	15.30%	2.45	41	63.34%	1	(2)
	20.00 to <30.00	1	-	-	1	21.76%	2	5.00%	5.00	0	24.57%	0	(0)
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	462	21	9.53%	436	100.00%	29	62.15%	3.75	192	44.03%	263	(290)
	Subtotal	**12,208**	**3,307**	**36.72%**	**12,719**	**4.25%**	**834**	**24.23%**	**3.45**	**5,039**	**39.62%**	**290**	**(352)**

Credit risk

continued: Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - AIRB

(€ million)

A-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - Other	0.00 to <0.15	40,986	84,790	25.79%	64,719	0.08%	3,163	37.26%	2.31	13,888	21.46%	20	(45)
	0.00 to <0.10	27,054	59,408	25.90%	44,012	0.06%	1,759	37.83%	2.34	8,507	19.33%	11	(26)
	0.10 to <0.15	13,932	25,383	25.52%	20,707	0.12%	1,404	36.05%	2.24	5,381	25.98%	9	(19)
	0.15 to <0.25	21,222	33,036	20.98%	28,036	0.19%	2,593	39.12%	2.24	10,311	36.78%	21	(38)
	0.25 to <0.50	24,462	37,949	25.20%	32,448	0.36%	4,479	37.04%	2.38	15,999	49.31%	43	(93)
	0.50 to <0.75	10,096	12,087	23.72%	11,849	0.62%	2,998	34.76%	2.24	7,064	59.62%	27	(54)
	0.75 to <2.50	21,046	22,387	23.72%	23,331	1.37%	6,401	32.35%	2.43	17,480	74.92%	104	(221)
	0.75 to <1.75	16,473	17,665	22.67%	18,202	1.17%	4,720	32.16%	2.42	12,922	70.99%	69	(159)
	1.75 to <2.50	4,573	4,722	27.62%	5,130	2.09%	1,681	33.02%	2.45	4,558	88.86%	36	(62)
	2.50 to <10.00	9,923	9,453	22.16%	9,659	4.64%	8,000	36.03%	2.26	11,795	122.11%	164	(248)
	2.50 to <5.00	6,436	6,441	22.04%	6,424	3.53%	3,867	35.30%	2.29	7,126	110.92%	81	(128)
	5.00 to <10.00	3,486	3,011	22.42%	3,235	6.84%	4,133	37.48%	2.20	4,669	144.31%	84	(120)
	10.00 to <100.00	2,402	2,247	33.23%	2,326	18.46%	6,255	38.62%	2.07	4,603	197.84%	164	(217)
	10.00 to <20.00	1,909	1,481	27.94%	1,828	14.40%	2,098	37.82%	2.01	3,443	188.39%	97	(130)
	20.00 to <30.00	130	259	8.98%	165	23.96%	2,888	30.15%	2.24	265	160.66%	11	(11)
	30.00 to <100.00	363	507	61.11%	334	37.96%	1,269	47.21%	2.28	894	268.03%	56	(76)
	100.00 (Default)	4,040	1,971	29.99%	4,000	100.00%	2,153	60.70%	2.02	1,170	29.26%	2,398	(2,751)
	Subtotal	**134,177**	**203,918**	**24.50%**	**176,368**	**3.11%**	**36,042**	**37.18%**	**2.31**	**82,310**	**46.67%**	**2,940**	**(3,667)**
Retail - of which Secured by immovable property SMEs	0.00 to <0.15	58	5	51.74%	60	0.12%	633	18.15%		2	4.13%	0	(0)
	0.00 to <0.10	12	0	52.74%	13	0.07%	106	16.30%		0	2.39%	0	(0)
	0.10 to <0.15	45	5	51.67%	48	0.13%	527	18.64%		2	4.59%	0	(0)
	0.15 to <0.25	260	8	40.53%	262	0.19%	3,032	20.42%		18	6.88%	0	(1)
	0.25 to <0.50	461	26	54.45%	472	0.39%	3,908	21.27%		53	11.30%	0	(4)
	0.50 to <0.75	335	56	49.31%	359	0.63%	3,111	17.43%		47	13.00%	0	(4)
	0.75 to <2.50	1,939	203	51.62%	2,035	1.51%	15,887	13.10%		345	16.96%	4	(21)
	0.75 to <1.75	1,300	158	49.84%	1,374	1.21%	11,016	13.74%		217	15.80%	2	(14)
	1.75 to <2.50	640	45	57.84%	661	2.11%	4,871	11.77%		128	19.36%	2	(7)
	2.50 to <10.00	1,121	93	59.59%	1,167	4.50%	8,181	13.31%		396	33.96%	7	(30)
	2.50 to <5.00	780	68	59.42%	813	3.41%	5,632	12.38%		221	27.21%	3	(15)
	5.00 to <10.00	341	25	60.05%	354	6.99%	2,549	15.43%		175	49.49%	4	(16)
	10.00 to <100.00	389	24	103.59%	400	22.39%	3,365	17.76%		316	79.13%	18	(32)
	10.00 to <20.00	252	20	113.00%	262	15.39%	2,072	14.24%		162	61.81%	6	(16)
	20.00 to <30.00	45	1	56.32%	45	23.94%	459	17.53%		38	84.48%	2	(5)
	30.00 to <100.00	92	3	49.74%	93	41.44%	834	27.84%		116	125.48%	10	(11)
	100.00 (Default)	313	7	76.09%	317	100.00%	2,287	32.72%		87	27.49%	99	(131)
	Subtotal	**4,875**	**421**	**56.42%**	**5,072**	**9.74%**	**40,404**	**16.25%**		**1,265**	**24.95%**	**129**	**(223)**

Credit risk

continued: Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - AIRB

(€ million)

A-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - of which Secured by immovable property non SMEs	0.00 to <0.15	14,014	178	31.95%	14,041	0.08%	162,734	15.38%		499	3.56%	2	(3)
	0.00 to <0.10	8,368	129	26.48%	8,396	0.05%	83,436	14.08%		198	2.36%	1	(1)
	0.10 to <0.15	5,645	49	46.20%	5,644	0.13%	79,298	17.32%		302	5.34%	1	(3)
	0.15 to <0.25	9,793	95	39.25%	9,764	0.20%	111,197	17.42%		724	7.41%	3	(7)
	0.25 to <0.50	19,031	138	42.30%	18,868	0.36%	198,887	18.38%		2,278	12.08%	13	(32)
	0.50 to <0.75	8,933	87	48.74%	8,858	0.62%	90,457	17.71%		1,489	16.81%	10	(27)
	0.75 to <2.50	23,799	281	42.33%	23,583	1.37%	242,400	17.70%		6,575	27.88%	56	(156)
	0.75 to <1.75	18,365	208	42.15%	18,175	1.15%	196,174	18.47%		4,827	26.56%	38	(105)
	1.75 to <2.50	5,434	73	42.87%	5,407	2.09%	46,226	15.12%		1,748	32.33%	17	(51)
	2.50 to <10.00	5,846	55	43.22%	5,792	4.65%	63,481	18.21%		3,506	60.53%	51	(153)
	2.50 to <5.00	3,886	41	40.70%	3,858	3.45%	38,771	17.08%		1,873	48.55%	23	(82)
	5.00 to <10.00	1,960	14	50.46%	1,934	7.05%	24,710	20.48%		1,633	84.43%	28	(72)
	10.00 to <100.00	2,594	11	59.02%	2,551	25.01%	31,752	24.21%		3,494	136.98%	162	(271)
	10.00 to <20.00	1,230	8	34.03%	1,206	13.92%	15,621	22.64%		1,469	121.73%	38	(78)
	20.00 to <30.00	408	1	268.49%	399	24.32%	5,278	24.24%		591	148.16%	24	(41)
	30.00 to <100.00	956	2	76.48%	945	39.44%	10,853	26.21%		1,434	151.72%	101	(152)
	100.00 (Default)	2,156	3	55.75%	2,154	100.00%	25,382	37.47%		1,706	79.21%	679	(701)
	Subtotal	**86,165**	**849**	**40.78%**	**85,610**	**4.13%**	**926,290**	**18.17%**		**20,271**	**23.68%**	**975**	**(1,349)**
Retail - Qualifying revolving	0.00 to <0.15	49	3,134	71.89%	2,302	0.06%	514,417	98.70%		91	3.94%	1	(1)
	0.00 to <0.10	29	2,681	72.13%	1,963	0.05%	380,116	101.31%		69	3.54%	1	(1)
	0.10 to <0.15	20	453	70.50%	340	0.12%	134,301	83.61%		21	6.30%	0	(0)
	0.15 to <0.25	45	791	40.46%	365	0.20%	223,228	73.92%		30	8.21%	1	(1)
	0.25 to <0.50	62	949	53.16%	567	0.38%	253,742	59.84%		63	11.17%	1	(2)
	0.50 to <0.75	64	1,694	46.02%	844	0.61%	374,030	48.42%		113	13.35%	2	(4)
	0.75 to <2.50	284	1,299	47.22%	898	1.29%	435,038	46.54%		204	22.73%	5	(11)
	0.75 to <1.75	211	1,152	46.55%	747	1.14%	363,650	46.45%		155	20.71%	4	(8)
	1.75 to <2.50	73	147	52.48%	150	2.07%	71,388	47.02%		49	32.79%	1	(3)
	2.50 to <10.00	122	118	67.31%	202	4.29%	124,464	47.79%		110	54.49%	4	(9)
	2.50 to <5.00	87	94	64.59%	148	3.40%	82,485	47.61%		69	46.88%	2	(6)
	5.00 to <10.00	35	24	77.96%	53	6.78%	41,979	48.29%		40	75.68%	2	(3)
	10.00 to <100.00	25	9	120.27%	35	19.96%	57,749	54.65%		48	136.41%	4	(7)
	10.00 to <20.00	17	7	114.50%	25	14.08%	41,518	55.15%		33	130.16%	2	(4)
	20.00 to <30.00	4	1	172.10%	5	24.13%	6,376	49.42%		8	146.18%	1	(1)
	30.00 to <100.00	3	1	131.04%	4	48.65%	9,855	57.93%		7	160.68%	1	(2)
	100.00 (Default)	247	6	69.12%	251	100.00%	42,602	88.68%		113	44.96%	232	(213)
	Subtotal	**899**	**8,001**	**57.06%**	**5,464**	**5.27%**	**2,025,270**	**74.06%**		**772**	**14.12%**	**251**	**(247)**

Credit risk

continued: Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - AIRB

(€ million)

A-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - of which Other SME	0.00 to <0.15	31	56	38.88%	43	0.11%	6,108	65.00%		5	12.89%	0	(0)
	0.00 to <0.10	10	5	48.28%	11	0.06%	910	88.22%		1	11.72%	0	(0)
	0.10 to <0.15	21	51	37.91%	31	0.12%	5,198	56.77%		4	13.31%	0	(0)
	0.15 to <0.25	525	897	3.38%	265	0.21%	8,979	41.44%		37	13.96%	0	(1)
	0.25 to <0.50	2,150	2,664	3.45%	1,083	0.38%	32,648	40.84%		218	20.12%	2	(10)
	0.50 to <0.75	1,946	1,834	5.20%	1,003	0.62%	31,122	40.27%		267	26.64%	2	(12)
	0.75 to <2.50	5,748	4,047	11.04%	3,277	1.40%	138,400	39.42%		1,193	36.41%	18	(61)
	0.75 to <1.75	4,271	3,216	11.20%	2,453	1.17%	97,609	39.54%		850	34.66%	11	(42)
	1.75 to <2.50	1,477	832	10.40%	823	2.09%	40,791	39.05%		343	41.63%	7	(19)
	2.50 to <10.00	3,416	1,406	8.14%	1,796	4.70%	105,514	39.09%		844	47.02%	33	(75)
	2.50 to <5.00	2,185	983	8.50%	1,165	3.51%	64,118	38.90%		528	45.35%	16	(40)
	5.00 to <10.00	1,231	422	7.31%	631	6.89%	41,396	39.44%		316	50.10%	17	(35)
	10.00 to <100.00	1,087	299	7.19%	569	22.26%	49,636	38.43%		386	67.92%	49	(81)
	10.00 to <20.00	738	208	8.78%	369	14.65%	26,378	38.03%		225	60.97%	20	(39)
	20.00 to <30.00	163	47	4.43%	87	24.18%	14,222	38.57%		68	77.61%	8	(14)
	30.00 to <100.00	186	44	2.59%	113	45.59%	9,036	39.64%		94	83.13%	20	(28)
	100.00 (Default)	1,089	134	7.22%	995	100.00%	28,737	76.22%		324	32.61%	742	(785)
	Subtotal	**15,992**	**11,337**	**7.34%**	**9,028**	**13.98%**	**401,144**	**43.79%**		**3,275**	**36.28%**	**846**	**(1,026)**
Retail - of which Other non SME	0.00 to <0.15	1,533	1,201	29.55%	1,905	0.08%	411,805	40.90%		163	8.53%	1	(1)
	0.00 to <0.10	1,021	746	29.04%	1,241	0.05%	331,173	40.49%		77	6.20%	0	(0)
	0.10 to <0.15	512	455	30.39%	664	0.12%	80,632	41.67%		86	12.89%	0	(1)
	0.15 to <0.25	1,051	690	30.45%	1,266	0.20%	111,149	40.06%		220	17.36%	1	(2)
	0.25 to <0.50	2,641	922	33.37%	2,959	0.37%	183,720	40.64%		768	25.97%	5	(11)
	0.50 to <0.75	2,222	705	33.70%	2,461	0.62%	133,217	39.76%		834	33.90%	6	(15)
	0.75 to <2.50	8,041	1,762	34.19%	8,557	1.45%	485,484	43.29%		4,503	52.62%	55	(172)
	0.75 to <1.75	5,587	1,355	34.08%	5,995	1.18%	345,962	42.37%		2,897	48.32%	30	(83)
	1.75 to <2.50	2,454	407	34.57%	2,561	2.09%	139,522	45.45%		1,606	62.70%	24	(89)
	2.50 to <10.00	4,051	560	42.10%	4,243	4.68%	330,872	43.99%		2,895	68.22%	88	(218)
	2.50 to <5.00	2,729	415	40.84%	2,862	3.55%	231,265	43.53%		1,873	65.47%	44	(119)
	5.00 to <10.00	1,322	145	45.68%	1,381	7.03%	99,607	44.94%		1,021	73.94%	44	(99)
	10.00 to <100.00	954	99	52.00%	1,005	26.99%	186,407	44.46%		1,014	100.89%	120	(190)
	10.00 to <20.00	483	63	48.15%	511	13.99%	126,010	45.28%		468	91.63%	32	(64)
	20.00 to <30.00	160	15	58.13%	168	24.60%	20,547	44.45%		190	113.20%	18	(31)
	30.00 to <100.00	312	21	59.06%	326	48.59%	39,850	43.18%		356	109.05%	69	(94)
	100.00 (Default)	518	33	11.05%	516	100.00%	60,715	63.99%		398	77.10%	304	(319)
	Subtotal	**21,011**	**5,973**	**33.55%**	**22,912**	**4.98%**	**1,903,369**	**42.84%**		**10,794**	**47.11%**	**579**	**(928)**
Total (all exposures classes) AIRB as at 12.31.2021		**372,352**	**274,968**	**24.22%**	**411,328**	**4.14%**	**5,386,192**	**31.31%**	**1.67**	**148,780**	**36.17%**	**8,022**	**(10,417)**
Total (all exposures classes) AIRB as at 06.30.2021		**361,647**	**259,646**	**25.03%**	**402,783**	**4.74%**	**3,285,890**	**32.30%**	**1.70**	**146,341**	**36.33%**	**9,365**	**(11,875)**

Credit risk

Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - FIRB

(€ million)

F-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Central governments or central banks	0.00 to <0.15	-	-	-	40	0.00%	-	3.03%	2.50	0	0.61%	0	-
	0.00 to <0.10	-	-	-	40	0.00%	-	3.03%	2.50	0	0.61%	0	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <5.00	-	-	-	-	-	-	-	-	-	-	-	-
	5.00 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**40**	**0.00%**	**-**	**3.03%**	**2.50**	**0**	**0.61%**	**0**	**-**
Institutions	0.00 to <0.15	562	518	1.55%	503	0.09%	83	41.62%	2.21	162	32.14%	0	(0)
	0.00 to <0.10	191	208	2.23%	285	0.08%	46	39.24%	1.98	83	29.03%	0	(0)
	0.10 to <0.15	371	310	1.10%	218	0.12%	37	44.76%	2.50	79	36.20%	0	(0)
	0.15 to <0.25	340	208	-	414	0.18%	19	21.49%	2.50	117	28.33%	0	(0)
	0.25 to <0.50	7	35	27.87%	18	0.32%	16	40.55%	2.50	10	53.40%	0	(0)
	0.50 to <0.75	0	2	55.02%	2	0.66%	3	38.90%	2.49	1	68.32%	0	(0)
	0.75 to <2.50	47	16	-	59	1.40%	13	36.73%	2.50	55	92.93%	0	(1)
	0.75 to <1.75	37	2	-	43	1.15%	7	34.42%	2.50	35	80.91%	0	(1)
	1.75 to <2.50	10	15	-	16	2.05%	6	42.89%	2.50	20	125.03%	0	(0)
	2.50 to <10.00	2	4	-	2	4.98%	5	44.80%	2.50	3	156.43%	0	(0)
	2.50 to <5.00	1	4	-	1	4.62%	4	44.72%	2.50	2	152.54%	0	(0)
	5.00 to <10.00	1	-	-	1	5.90%	1	45.00%	2.50	1	166.46%	0	(0)
	10.00 to <100.00	0	-	-	0	52.54%	3	-	2.50	0	205.00%	0	(0)
	10.00 to <20.00	-	-	-	-	-	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	0	-	-	0	52.54%	3	-	2.50	0	205.00%	0	(0)
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**958**	**783**	**2.42%**	**997**	**0.22%**	**142**	**32.96%**	**2.35**	**347**	**34.83%**	**1**	**(2)**

Credit risk

continued: Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - FIRB

(€ million)

F-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - SME	0.00 to <0.15	96	37	17.93%	182	0.10%	175	44.98%	2.50	36	19.78%	0	(0)
	0.00 to <0.10	34	22	5.94%	36	0.04%	125	44.98%	2.50	4	12.54%	0	(0)
	0.10 to <0.15	63	15	34.96%	146	0.11%	50	44.98%	2.50	31	21.55%	0	(0)
	0.15 to <0.25	55	43	18.00%	63	0.19%	154	42.20%	2.50	18	28.77%	0	(0)
	0.25 to <0.50	306	391	11.49%	334	0.38%	581	42.82%	2.50	139	41.69%	1	(2)
	0.50 to <0.75	281	271	10.44%	283	0.64%	412	42.92%	2.50	153	53.99%	1	(2)
	0.75 to <2.50	1,416	942	15.68%	1,377	1.60%	1,958	43.50%	2.50	1,011	73.37%	10	(16)
	0.75 to <1.75	924	646	14.81%	899	1.30%	1,283	43.48%	2.50	625	69.50%	5	(9)
	1.75 to <2.50	492	295	17.59%	479	2.15%	675	43.55%	2.50	386	80.61%	5	(7)
	2.50 to <10.00	1,087	536	18.22%	999	4.34%	1,703	42.59%	2.50	940	94.01%	19	(32)
	2.50 to <5.00	815	391	16.88%	744	3.45%	1,140	42.67%	2.50	654	87.99%	11	(18)
	5.00 to <10.00	272	145	21.81%	256	6.93%	563	42.34%	2.50	285	111.52%	7	(15)
	10.00 to <100.00	110	46	29.10%	109	14.91%	432	41.49%	2.50	151	139.15%	7	(11)
	10.00 to <20.00	98	43	30.07%	96	13.39%	208	41.38%	2.50	132	136.41%	5	(10)
	20.00 to <30.00	11	2	5.81%	12	26.92%	22	42.28%	2.50	19	161.53%	1	(1)
	30.00 to <100.00	0	0	75.00%	0	44.03%	202	45.00%	2.50	0	139.73%	0	(0)
	100.00 (Default)	248	36	1.50%	243	100.00%	597	43.53%	2.50	-	-	106	(217)
	Subtotal	**3,598**	**2,302**	**15.06%**	**3,589**	**9.12%**	**6,012**	**43.13%**	**2.50**	**2,447**	**68.18%**	**142**	**(281)**
Corporates - Specialised lending	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <5.00	-	-	-	-	-	-	-	-	-	-	-	-
	5.00 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Credit risk

continued: Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - FIRB

(€ million)

F-IRB	PD RANGE	ON-BALANCE SHEET EXPOSURES	OFF-BALANCE SHEET EXPOSURES PRE-CCF	EXPOSURE WEIGHTED AVERAGE CCF (%)	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNT	EXPECTED LOSS AMOUNT	VALUE ADJUSTMENTS AND PROVISIONS
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - Other	0.00 to <0.15	1,946	2,415	8.89%	2,446	0.10%	644	44.78%	2.50	741	30.28%	1	(4)
	0.00 to <0.10	600	957	13.64%	1,062	0.06%	503	44.51%	2.50	240	22.60%	0	(2)
	0.10 to <0.15	1,347	1,458	5.77%	1,383	0.13%	141	44.98%	2.50	501	36.18%	1	(2)
	0.15 to <0.25	576	1,957	5.93%	658	0.19%	192	44.38%	2.50	306	46.58%	1	(3)
	0.25 to <0.50	2,250	2,932	14.20%	2,952	0.36%	288	44.76%	2.49	1,832	62.06%	5	(9)
	0.50 to <0.75	276	364	13.27%	259	0.63%	138	44.00%	2.50	209	80.65%	1	(3)
	0.75 to <2.50	1,936	1,521	16.11%	2,253	1.37%	454	44.36%	2.50	2,375	105.42%	14	(23)
	0.75 to <1.75	1,520	1,089	15.75%	1,745	1.16%	304	44.35%	2.50	1,758	100.74%	9	(17)
	1.75 to <2.50	416	432	17.01%	508	2.07%	150	44.38%	2.50	617	121.53%	5	(6)
	2.50 to <10.00	374	238	5.98%	383	3.72%	215	43.56%	2.50	538	140.43%	6	(11)
	2.50 to <5.00	328	206	5.89%	331	3.34%	153	43.76%	2.50	456	137.48%	5	(9)
	5.00 to <10.00	46	32	6.58%	52	6.12%	62	42.32%	2.50	83	159.27%	1	(2)
	10.00 to <100.00	86	37	4.40%	86	12.47%	1,149	44.11%	2.50	181	211.55%	5	(4)
	10.00 to <20.00	85	35	4.54%	85	12.19%	50	44.17%	2.50	180	211.62%	4	(4)
	20.00 to <30.00	0	-	-	0	21.76%	2	45.00%	2.50	0	259.62%	0	(0)
	30.00 to <100.00	0	2	1.77%	1	44.26%	1,097	37.05%	2.50	2	204.28%	0	(0)
	100.00 (Default)	116	62	3.03%	129	100.00%	705	43.31%	2.50	-	-	56	(129)
	Subtotal	**7,561**	**9,526**	**11.11%**	**9,166**	**2.19%**	**3,785**	**44.54%**	**2.50**	**6,183**	**67.46%**	**88**	**(187)**
Total (all exposures classes) FIRB as at 12.31.2021		**12,117**	**12,611**	**11.45%**	**13,793**	**3.85%**	**9,939**		**2.49**	**8,978**	**65.09%**	**231**	**(469)**
Total (all exposures classes) FIRB as at 06.30.2021		**11,931**	**12,172**	**14.18%**	**14,429**	**3.84%**	**9,369**		**2.54**	**9,202**	**63.77%**	**241**	**(442)**

Note:
The templates "CR6" show above refer to the Credit risk, excluding the Counterparty risk (which is reported in the "CCR4" tables in the next paragraph "Counterparty Risk exposure").

The overall Group credit risk AIRB portfolio over the reporting period (December 2021 vs June 2021) records the following evolution:

- performing portfolio increases driven primarily by the following exposure class: "Retail – of which Other non SME" (€9,993 million) impacted by the inflow of the Italian consumer portfolio, previously treated under standardised approach, into IRB perimeter thanks to the introduction of the new Private Individuals model;
- the average risk density of the performing portfolio shows a decrease of 47 basis points, mostly driven by the exposure classes "Corporates - Other" and "Corporates - SME" thanks to evolution of internal ratings in Germany, new commercial volumes concentrated in low-risk segments in Central Europe, as well as thanks to benefits coming from new securitisations in Italy;
- the overall Group defaulted portfolio reports decreasing trend of -€2,806 million, concentrated mainly on the exposure classes "Corporates - Other" (-€1,109 million) and "Corporates - SME" (-€842 million), mostly impacted by non-core division run down in Italy.

Credit risk

Template EU CR6-A – Scope of the use of IRB and SA approaches

(€ million)

	EXPOSURE CLASSES	EXPOSURE VALUE AS DEFINED IN ARTICLE 166 CRR FOR EXPOSRUES SUBJECT TO IRB APPROACH	TOTAL EXPOSURE VALUE FOR EXPOSURES SUBJECT TO THE STANDARDISED APPROACH AND TO THE IRB APPROACH	PERCENTAGE OF TOTAL EXPOSURE VALUE SUBJECT TO THE PERMANENT PARTIAL USE OF THE SA (%)	PERCENTAGE OF TOTAL EXPOSUREVALUE SUBJECT TO A ROLL-OUT PLAN (%)	PERCENTAGE OF TOTAL EXPOSURE VALUE SUBJECT TO IRB APPROACH (%)
		a	b	c	d	e
1	Central governments or central banks	26,210	276,256	88.20%	2.29%	9.51%
1.1	*of which Regional governments or local authorities*		*19,637*	*99.98%*	*0.02%*	*0.00%*
1.2	*of which Public sector entities*		*6,743*	*99.99%*	*-*	*0.01%*
2	Institutions	28,698	34,505	14.43%	2.21%	83.36%
3	Corporates	276,857	292,331	1.73%	4.88%	93.40%
3.1	*of which Corporates - Specialised lending, excluding slotting approach*		*13,707*	*-*	*2.32%*	*97.68%*
3.2	*of which Corporates - Specialised lending under slotting approach*		*6,655*	*-*	*-*	*100.00%*
4	Retail	137,368	140,629	2.71%	5.08%	92.21%
4.1	*of which Retail – Secured by immovable property SMEs*		*4,868*	*0.02%*	*1.76%*	*98.22%*
4.2	*of which Retail – Secured by immovable property non-SMEs*		*88,292*	*0.01%*	*3.53%*	*96.46%*
4.3	*of which Retail – Qualifying revolving*		*1,656*	*-*	*9.56%*	*90.44%*
4.4	*of which Retail – Other SMEs*		*16,864*	*0.28%*	*2.92%*	*96.80%*
4.5	*of which Retail – Other non-SMEs*		*28,949*	*12.96%*	*11.40%*	*75.65%*
5	Equity	636	3,419	10.75%	70.66%	18.59%
6	Other non-credit obligation assets	11,238	27,244	30.35%	2.33%	67.33%
7	**Total as at 12.31.2021**	**481,006**	**774,385**	**34.37%**	**4.07%**	**61.56%**

Credit risk

Template EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - AIRB

EXPOSURE CLASS	PD RANGE	NUMBER OF OBLIGORS AT THE END OF THE PREVIOUS YEAR		OBSERVED AVERAGE DEFAULT RATE (%)	EXPOSURES WEIGHTED AVERAGE PD (%)	AVERAGE PD (%)	AVERAGE HISTORICAL ANNUAL DEFAULT RATE (%)
			OF WHICH: NUMBER OF OBLIGORS WHICH DEFAULTED DURING THE YEAR				
a	b	c	d	e	f	g	h
Central governments or central banks	0.00 to <0.15	36	-	-	0.02%	0.04%	-
	0.00 to <0.10	30	-	-		0.02%	-
	0.10 to <0.15	6	-	-		0.12%	-
	0.15 to <0.25	6	-	-	0.19%	0.18%	-
	0.25 to <0.50	7	-	-	0.27%	0.34%	-
	0.50 to <0.75	3	-	-	0.66%	0.58%	-
	0.75 to <2.50	20	-	-	1.33%	1.43%	1.74%
	0.75 to <1.75	16	-	-		1.27%	1.82%
	1.75 to <2.5	4	-	-		2.04%	-
	2.50 to <10.00	5	-	-	-	5.34%	2.50%
	2.5 to <5	2	-	-		2.81%	-
	5 to <10	3	-	-		7.02%	5.00%
	10.00 to <100.00	7	2	28.57%	33.13%	29.57%	10.16%
	10 to <20	2	1	50.00%		13.72%	10.00%
	20 to <30	-	-	-		-	-
	30.00 to <100.00	5	1	20.00%		35.91%	12.00%
	100.00 (Default)	1,419	-	-	100.00%	100.00%	-
Institutions	0.00 to <0.15	383	-	-	0.07%	0.09%	0.30%
	0.00 to <0.10	237	-	-		0.06%	0.36%
	0.10 to <0.15	146	-	-		0.12%	0.16%
	0.15 to <0.25	75	-	-	0.17%	0.19%	0.22%
	0.25 to <0.50	104	-	-	0.36%	0.35%	-
	0.50 to <0.75	52	-	-	0.59%	0.62%	-
	0.75 to <2.50	72	-	-	1.72%	1.39%	-
	0.75 to <1.75	53	-	-		1.15%	-
	1.75 to <2.5	19	-	-		2.06%	-
	2.50 to <10.00	36	-	-	5.15%	4.90%	0.57%
	2.5 to <5	24	-	-		3.39%	0.74%
	5 to <10	12	-	-		7.91%	-
	10.00 to <100.00	13	-	-	21.01%	23.40%	1.67%
	10 to <20	5	-	-		14.80%	1.54%
	20 to <30	4	-	-		22.28%	1.82%
	30.00 to <100.00	4	-	-		35.26%	-
	100.00 (Default)	19	-	-	100.00%	100.00%	-
Corporates - SME	0.00 to <0.15	5,439	3	0.06%	0.09%	0.09%	0.14%
	0.00 to <0.10	3,102	1	0.03%		0.07%	0.12%
	0.10 to <0.15	2,337	2	0.09%		0.13%	0.18%
	0.15 to <0.25	3,942	5	0.13%	0.20%	0.20%	0.13%
	0.25 to <0.50	7,840	9	0.11%	0.37%	0.37%	0.27%
	0.50 to <0.75	4,803	19	0.40%	0.62%	0.62%	0.49%
	0.75 to <2.50	14,142	118	0.83%	1.43%	1.43%	1.03%
	0.75 to <1.75	10,281	83	0.81%		1.18%	0.92%
	1.75 to <2.5	3,861	35	0.91%		2.09%	1.29%
	2.50 to <10.00	11,172	354	3.17%	4.53%	4.87%	3.63%
	2.5 to <5	6,548	138	2.11%		3.49%	2.56%
	5 to <10	4,624	216	4.67%		6.82%	5.63%
	10.00 to <100.00	3,100	274	8.84%	19.11%	19.39%	13.24%
	10 to <20	2,412	169	7.01%		14.89%	8.87%
	20 to <30	322	41	12.73%		24.32%	14.73%
	30.00 to <100.00	366	64	17.49%		44.74%	25.58%
	100.00 (Default)	4,203	-	-	100.00%	100.00%	-

Credit risk

continued: Template EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - AIRB

EXPOSURE CLASS	PD RANGE	NUMBER OF OBLIGORS AT THE END OF THE PREVIOUS YEAR	OF WHICH: NUMBER OF OBLIGORS WHICH DEFAULTED DURING THE YEAR	OBSERVED AVERAGE DEFAULT RATE (%)	EXPOSURES WEIGHTED AVERAGE PD (%)	AVERAGE PD (%)	AVERAGE HISTORICAL ANNUAL DEFAULT RATE (%)
a	b	c	d	e	f	g	h
Corporates - Specialised lending	0.00 to <0.15	72	-	-	0.10%	0.11%	-
	0.00 to <0.10	31	-	-		0.07%	-
	0.10 to <0.15	41	-	-		0.13%	-
	0.15 to <0.25	169	2	1.18%	0.20%	0.20%	0.39%
	0.25 to <0.50	187	-	-	0.36%	0.36%	0.24%
	0.50 to <0.75	134	-	-	0.64%	0.63%	0.49%
	0.75 to <2.50	471	2	0.42%	1.41%	1.49%	0.87%
	0.75 to <1.75	372	2	0.54%		1.29%	0.85%
	1.75 to <2.5	99	-	-		2.26%	0.88%
	2.50 to <10.00	134	2	1.49%	3.94%	4.21%	1.71%
	2.5 to <5	100	-	-		3.52%	1.20%
	5 to <10	34	2	5.88%		6.23%	2.97%
	10.00 to <100.00	19	-	-	19.41%	21.00%	2.94%
	10 to <20	14	-	-		16.25%	2.84%
	20 to <30	2	-	-		22.23%	4.00%
	30.00 to <100.00	3	-	-		42.35%	-
	100.00 (Default)	64	-	-	100.00%	100.00%	-
Corporates - Other	0.00 to <0.15	3,822	2	0.05%	0.07%	0.09%	0.10%
	0.00 to <0.10	2,168	1	0.05%		0.06%	0.10%
	0.10 to <0.15	1,654	1	0.06%		0.13%	0.10%
	0.15 to <0.25	2,532	5	0.20%	0.19%	0.20%	0.19%
	0.25 to <0.50	4,922	17	0.35%	0.35%	0.37%	0.36%
	0.50 to <0.75	3,083	9	0.29%	0.61%	0.61%	0.44%
	0.75 to <2.50	6,657	44	0.66%	1.39%	1.42%	1.10%
	0.75 to <1.75	4,793	24	0.50%		1.16%	1.01%
	1.75 to <2.5	1,864	20	1.07%		2.08%	1.33%
	2.50 to <10.00	7,731	99	1.28%	4.77%	5.14%	3.63%
	2.5 to <5	3,931	35	0.89%		3.52%	2.03%
	5 to <10	3,800	64	1.68%		6.82%	5.18%
	10.00 to <100.00	4,509	192	4.26%	17.49%	22.30%	16.82%
	10 to <20	2,561	68	2.66%		14.67%	12.25%
	20 to <30	1,101	46	4.18%		22.38%	14.55%
	30.00 to <100.00	847	78	9.21%		45.27%	25.45%
	100.00 (Default)	5,518	-	-	100.00%	100.00%	-
Retail - secured by immovable property SME	0.00 to <0.15	1,236	3	0.24%	0.11%	0.12%	0.12%
	0.00 to <0.10	242	-	-		0.08%	0.04%
	0.10 to <0.15	994	3	0.30%		0.13%	0.14%
	0.15 to <0.25	4,304	14	0.33%	0.19%	0.20%	0.22%
	0.25 to <0.50	5,788	34	0.59%	0.38%	0.37%	0.34%
	0.50 to <0.75	3,432	25	0.73%	0.61%	0.62%	0.52%
	0.75 to <2.50	9,794	114	1.16%	1.47%	1.43%	1.02%
	0.75 to <1.75	7,007	72	1.03%		1.17%	0.83%
	1.75 to <2.5	2,787	42	1.51%		2.11%	1.54%
	2.50 to <10.00	6,458	214	3.31%	4.57%	4.68%	3.39%
	2.5 to <5	4,256	109	2.56%		3.49%	2.45%
	5 to <10	2,202	105	4.77%		6.97%	4.93%
	10.00 to <100.00	2,477	412	16.63%	25.54%	27.06%	17.35%
	10 to <20	1,244	111	8.92%		13.79%	10.09%
	20 to <30	359	59	16.43%		24.20%	17.74%
	30.00 to <100.00	874	242	27.69%		47.12%	25.39%
	100.00 (Default)	2,779	-	-	100.00%	100.00%	-

Credit risk

continued: Template EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - AIRB

EXPOSURE CLASS	PD RANGE	NUMBER OF OBLIGORS AT THE END OF THE PREVIOUS YEAR	OF WHICH: NUMBER OF OBLIGORS WHICH DEFAULTED DURING THE YEAR	OBSERVED AVERAGE DEFAULT RATE (%)	EXPOSURES WEIGHTED AVERAGE PD (%)	AVERAGE PD (%)	AVERAGE HISTORICAL ANNUAL DEFAULT RATE (%)
a	b	c	d	e	f	g	h
Retail - secured by immovable property non SME	0.00 to <0.15	134,114	178	0.13%	0.12%	0.14%	0.08%
	0.00 to <0.10	18,415	5	0.03%		0.07%	0.04%
	0.10 to <0.15	115,699	173	0.15%		0.15%	0.08%
	0.15 to <0.25	175,375	330	0.19%	0.20%	0.21%	0.13%
	0.25 to <0.50	269,085	912	0.34%	0.37%	0.36%	0.22%
	0.50 to <0.75	90,937	471	0.52%	0.61%	0.62%	0.33%
	0.75 to <2.50	122,353	1,158	0.95%	1.27%	1.29%	0.78%
	0.75 to <1.75	98,544	709	0.72%		1.10%	0.61%
	1.75 to <2.5	23,809	449	1.89%		2.06%	1.40%
	2.50 to <10.00	46,029	1,977	4.30%	4.53%	4.57%	3.31%
	2.5 to <5	31,108	1,006	3.23%		3.48%	2.54%
	5 to <10	14,921	971	6.51%		6.83%	4.94%
	10.00 to <100.00	23,425	9,577	40.88%	33.61%	31.80%	21.52%
	10 to <20	8,392	1,586	18.90%		14.25%	11.68%
	20 to <30	3,681	1,373	37.30%		24.92%	21.17%
	30.00 to <100.00	11,352	6,618	58.30%		47.01%	29.66%
	100.00 (Default)	24,541	-	-	100.00%	100.00%	-
Retail - Qualifying revolving	0.00 to <0.15	822,291	457	0.06%	0.06%	0.06%	0.03%
	0.00 to <0.10	667,212	181	0.03%		0.05%	0.02%
	0.10 to <0.15	155,079	276	0.18%		0.12%	0.10%
	0.15 to <0.25	155,031	260	0.17%	0.19%	0.20%	0.13%
	0.25 to <0.50	169,515	586	0.35%	0.36%	0.36%	0.29%
	0.50 to <0.75	87,360	495	0.57%	0.61%	0.61%	0.50%
	0.75 to <2.50	182,999	2,597	1.42%	1.34%	1.37%	1.25%
	0.75 to <1.75	140,168	1,600	1.14%		1.15%	1.00%
	1.75 to <2.5	42,831	997	2.33%		2.09%	1.96%
	2.50 to <10.00	111,699	6,095	5.46%	4.53%	4.50%	3.96%
	2.5 to <5	77,366	3,721	4.81%		3.39%	3.13%
	5 to <10	34,333	2,374	6.91%		7.00%	5.46%
	10.00 to <100.00	35,265	5,016	14.22%	18.24%	29.65%	13.73%
	10 to <20	22,536	2,669	11.84%		13.85%	10.46%
	20 to <30	5,461	1,804	33.03%		23.75%	26.14%
	30.00 to <100.00	7,268	543	7.47%		83.07%	23.72%
	100.00 (Default)	39,378	-	-	100.00%	100.00%	-
Retail – other SME	0.00 to <0.15	17,933	33	0.18%	0.11%	0.11%	0.09%
	0.00 to <0.10	5,503	2	0.04%		0.08%	0.03%
	0.10 to <0.15	12,430	31	0.25%		0.13%	0.11%
	0.15 to <0.25	23,338	49	0.21%	0.20%	0.20%	0.12%
	0.25 to <0.50	49,321	190	0.39%	0.36%	0.37%	0.26%
	0.50 to <0.75	36,011	196	0.54%	0.61%	0.61%	0.40%
	0.75 to <2.50	96,756	888	0.92%	1.40%	1.42%	0.89%
	0.75 to <1.75	69,956	541	0.77%		1.16%	0.72%
	1.75 to <2.5	26,800	347	1.29%		2.09%	1.35%
	2.50 to <10.00	77,158	2,062	2.67%	4.76%	5.00%	3.81%
	2.5 to <5	44,992	923	2.05%		3.56%	2.45%
	5 to <10	32,166	1,139	3.54%		7.02%	5.74%
	10.00 to <100.00	36,392	5,132	14.10%	24.10%	25.33%	22.04%
	10 to <20	19,047	1,381	7.25%		13.84%	13.80%
	20 to <30	8,678	1,435	16.54%		22.56%	23.62%
	30.00 to <100.00	8,667	2,316	26.72%		53.36%	34.76%
	100.00 (Default)	40,630	-	-	100.00%	100.00%	-

Credit risk

continued: Template EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - AIRB

EXPOSURE CLASS	PD RANGE	NUMBER OF OBLIGORS AT THE END OF THE PREVIOUS YEAR	OF WHICH: NUMBER OF OBLIGORS WHICH DEFAULTED DURING THE YEAR	OBSERVED AVERAGE DEFAULT RATE (%)	EXPOSURES WEIGHTED AVERAGE PD (%)	AVERAGE PD (%)	AVERAGE HISTORICAL ANNUAL DEFAULT RATE (%)
a	b	c	d	e	f	g	h
Retail - other non SME	0.00 to <0.15	32,305	41	0.13%	0.09%	0.09%	0.05%
	0.00 to <0.10	19,884	16	0.08%		0.06%	0.03%
	0.10 to <0.15	12,421	25	0.20%		0.13%	0.08%
	0.15 to <0.25	20,478	29	0.14%	0.20%	0.20%	0.11%
	0.25 to <0.50	43,235	112	0.26%	0.37%	0.37%	0.15%
	0.50 to <0.75	32,985	103	0.31%	0.62%	0.62%	0.25%
	0.75 to <2.50	99,658	780	0.78%	1.32%	1.40%	0.60%
	0.75 to <1.75	74,035	480	0.65%		1.17%	0.50%
	1.75 to <2.5	25,623	300	1.17%		2.08%	0.91%
	2.50 to <10.00	51,376	1,178	2.29%	4.53%	4.74%	2.14%
	2.5 to <5	33,232	578	1.74%		3.51%	1.64%
	5 to <10	18,144	600	3.31%		7.00%	3.25%
	10.00 to <100.00	11,381	1,436	12.62%	19.73%	19.20%	11.80%
	10 to <20	7,940	635	8.00%		13.53%	7.74%
	20 to <30	1,955	374	19.13%		24.32%	17.66%
	30.00 to <100.00	1,486	427	28.73%		42.75%	23.88%
	100.00 (Default)	5,949	-	-	100.00%	100.00%	-

Credit risk

Template EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - FIRB

EXPOSURE CLASS	PD RANGE	NUMBER OF OBLIGORS AT THE END OF THE PREVIOUS YEAR	OF WHICH: NUMBER OF OBLIGORS WHICH DEFAULTED DURING THE YEAR	OBSERVED AVERAGE DEFAULT RATE (%)	EXPOSURES WEIGHTED AVERAGE PD (%)	AVERAGE PD (%)	AVERAGE HISTORICAL ANNUAL DEFAULT RATE (%)
a	b	c	d	e	f	g	h
Central governments or central banks	0.00 to <0.15	1	-	-	0.00%	0.00%	-
	0.00 to <0.10	1	-	-		0.00%	-
	0.10 to <0.15	-	-	-		-	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	1	-	-	0.27%	0.27%	-
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	0.75 to <1.75	-	-	-		-	-
	1.75 to <2.5	-	-	-		-	-
	2.50 to <10.00	-	-	-	-	-	-
	2.5 to <5	-	-	-		-	-
	5 to <10	-	-	-		-	-
	10.00 to <100.00	1	-	-	15.87%	13.77%	-
	10 to <20	1	-	-		13.77%	-
	20 to <30	-	-	-		-	-
	30.00 to <100.00	-	-	-		-	-
	100.00 (Default)	-	-	-	100.00%	-	-
Institutions	0.00 to <0.15	90	-	-	0.07%	0.09%	-
	0.00 to <0.10	59	-	-		0.07%	-
	0.10 to <0.15	31	-	-		0.12%	-
	0.15 to <0.25	24	-	-	0.19%	0.20%	-
	0.25 to <0.50	17	-	-	0.27%	0.34%	0.91%
	0.50 to <0.75	7	-	-	0.63%	0.60%	-
	0.75 to <2.50	12	-	-	1.22%	1.56%	-
	0.75 to <1.75	8	-	-		1.32%	-
	1.75 to <2.5	4	-	-		2.06%	-
	2.50 to <10.00	3	-	-	3.02%	5.48%	-
	2.5 to <5	2	-	-		3.73%	-
	5 to <10	1	-	-		8.97%	-
	10.00 to <100.00	6	-	-	19.39%	42.78%	-
	10 to <20	4	-	-		14.67%	-
	20 to <30	-	-	-		-	-
	30.00 to <100.00	2	-	-		99.00%	-
	100.00 (Default)	-	-	-	-	-	-
Corporates - SME	0.00 to <0.15	25	-	-	0.10%	0.10%	-
	0.00 to <0.10	11	-	-		0.06%	-
	0.10 to <0.15	14	-	-		0.13%	-
	0.15 to <0.25	111	-	-	0.20%	0.19%	-
	0.25 to <0.50	429	2	0.47%	0.40%	0.40%	0.49%
	0.50 to <0.75	402	2	0.50%	0.64%	0.63%	0.64%
	0.75 to <2.50	1,966	13	0.66%	1.58%	1.57%	0.86%
	0.75 to <1.75	1,257	7	0.56%		1.25%	0.82%
	1.75 to <2.5	709	6	0.85%		2.14%	0.93%
	2.50 to <10.00	1,757	37	2.11%	4.47%	4.49%	2.82%
	2.5 to <5	1,247	15	1.20%		3.56%	1.99%
	5 to <10	510	22	4.31%		6.76%	4.73%
	10.00 to <100.00	264	16	6.06%	15.70%	29.17%	6.98%
	10 to <20	197	9	4.57%		14.80%	6.04%
	20 to <30	16	3	18.75%		20.90%	12.53%
	30.00 to <100.00	51	4	7.84%		87.27%	1.57%
	100.00 (Default)	574	-	-	100.00%	100.00%	-

Credit risk

continued: Template EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - FIRB

EXPOSURE CLASS	PD RANGE	NUMBER OF OBLIGORS AT THE END OF THE PREVIOUS YEAR	OF WHICH: NUMBER OF OBLIGORS WHICH DEFAULTED DURING THE YEAR	OBSERVED AVERAGE DEFAULT RATE (%)	EXPOSURES WEIGHTED AVERAGE PD (%)	AVERAGE PD (%)	AVERAGE HISTORICAL ANNUAL DEFAULT RATE (%)
a	b	c	d	e	f	g	h
Corporates - Specialised lending	0.00 to <0.15	-	-	-	-	-	-
	0.00 to <0.10	-	-	-		-	-
	0.10 to <0.15	-	-	-		-	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	0.75 to <1.75	-	-	-		-	-
	1.75 to <2.5	-	-	-		-	-
	2.50 to <10.00	-	-	-	-	-	-
	2.5 to <5	-	-	-		-	-
	5 to <10	-	-	-		-	-
	10.00 to <100.00	-	-	-	-	-	-
	10 to <20	-	-	-		-	-
	20 to <30	-	-	-		-	-
	30.00 to <100.00	-	-	-		-	-
	100.00 (Default)	-	-	-	-	-	-
Corporates - Other	0.00 to <0.15	212	-	-	0.07%	0.09%	0.07%
	0.00 to <0.10	131	-	-		0.06%	0.12%
	0.10 to <0.15	81	-	-		0.13%	-
	0.15 to <0.25	118	-	-	0.20%	0.20%	-
	0.25 to <0.50	293	-	-	0.35%	0.37%	0.29%
	0.50 to <0.75	168	2	1.19%	0.63%	0.62%	0.53%
	0.75 to <2.50	476	3	0.63%	1.48%	1.45%	0.58%
	0.75 to <1.75	342	2	0.58%		1.20%	0.43%
	1.75 to <2.5	134	1	0.75%		2.10%	0.86%
	2.50 to <10.00	335	5	1.49%	3.97%	4.72%	1.36%
	2.5 to <5	219	1	0.46%		3.56%	0.80%
	5 to <10	116	4	3.45%		6.92%	2.82%
	10.00 to <100.00	773	4	0.52%	14.42%	70.84%	2.85%
	10 to <20	255	-	-		14.50%	0.55%
	20 to <30	2	-	-		25.27%	14.00%
	30.00 to <100.00	516	4	0.78%		98.87%	8.16%
	100.00 (Default)	712	-	-	100.00%	100.00%	-

Credit risk

Back-testing of PD for exposure class

The templates EU-CR9 of the previous pages compare the PD used in IRB capital calculation with the effective default rates of institution's obligors observed both in the short term (year 2021) and long term (from year 2017 to 2021) in accordance with regulatory reporting at Group level as of December 2021. In particular, the information is provided by regulatory exposure class with a further breakdown by PD range.

It can be stated that the highest share of the portfolios (i.e., 87% and 86% respectively in terms of EAD and RWEA compared to the whole IRB Rating System performing portfolios[35]) is covered by several key IRB models, further detailed below, within the perimeter represented by three major countries: Italy, Austria and Germany.

More in details, the main part of the obligors falling within the exposure class "Corporates" ("Corporates – Others", "Corporates – SME", "Corporates – Specialised Lending") is rated with the Mid Corporate and Small Business Local rating systems developed by the three above-mentioned countries and with the Group Wide Multinational Corporate and Group Wide Global Project Finance models applied at Group level (i.e., 66% and 71% respectively in terms of EAD and RWEA compared to the whole "Corporates" exposure class for performing portfolio).

With regard to the exposure class "Retail" ("Other Retail – SME, non-SME", "Retail - Qualifying Revolving", "Retail - Secured on real estate property – SME, non-SME"), the analyses show that the relevant obligors are mainly rated with the Private Individuals[36] and the Small Business locally developed models concerning the previous mentioned countries (i.e., 93% and 92% respectively in terms of EAD and RWEA compared to the whole Retail exposure class for performing portfolio).
In particular, it can be highlighted that the specific asset classes "Other Retail - SME, non-SME" and "Secured on real estate property – SME, non-SME" are mainly covered by the Italian perimeter. On the other side, the Retail asset class "Qualifying Revolving" is represented by obligors predominantly rated with the German Private Individuals local model.

Finally, the obligors belonging to the "Central government and central banks" exposure class are fully rated with the Group Wide Sovereign rating system, while the exposure class "Institutions" is mainly represented by the Group Wide Banks model (i.e., 93% and 98% respectively in terms of EAD and RWEA compared to the whole "Institutions" exposure class for performing portfolio).

Consequently, in the following section the back-testing results for the PD rating systems mentioned above are shown and where available, also the results for LGD and EAD are reported.

Model performance: comparison between estimated and actual results

Local models

The performance assessment on rating model is based on the principles described at the beginning of the qualitative information paragraph. Furthermore, in the sections related to each rating system the detailed outcomes on the last activities and the related results are specifically disclosed.

Following there is the comparison between estimated PDs, as of September 2020, and 2021 observed default rates of the main Group models authorized for regulatory purposes. In particular, the analysis is focused on overall Corporate (including Real Estate exposures), Small Business and Private Individuals segments in the three major Group entities: UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria AG[37] .

In general, the back-testing (with a default rate calculated as an average of the last five years) has highlighted a satisfactory degree of alignment between estimated PDs and empirical data for each segment under assessment. The "overall" data refer to Italy, Germany and Austria.

35 Information on EAD and RWEA for each rating system are based on September 2021 data.
36 In Italy we refer only to mortgages, since these products are the only ones allowed to use internal risk parameters for the RWEA calculation.
37 Data for the backtesting analysis are based on the most up-to-date monitoring report "Quarterly Validation Overview Report" (specifically Annex 3 "Local IRB PD models Monitoring September 2021"), with the exception of Austria for which the report contains the results of the tests related to the new models went into production in 2021. Therefore, for these models, a parallel run was performed in accordance with the reference date.

Credit risk

Table: Performance of Probability of Default (PD) local models

MODEL	COUNTRY	PD SEPTEMBER 2020	LONG-RUN DR	DR SEPTEMBER 2019-SEPTEMBER 2020	DR SEPTEMBER 2020-SEPTEMBER 2021	COMMENT
Mid Corporate	Overall	2.77%	1.78%	1.67%	1.55%	A general stability of default rates is observed compared to the performances observed in 2020, with the exception of the Italy perimeter where there is a slight decrease. There is a good level of alignment between PD and long-run DR, where PDs are conservative for all models.
	Italy	2.92%	2.12%	1.95%	1.64%	
	Germany	2.82%	1.11%	1.18%	1.18%	
	Austria	1.94%	1.79%	1.69%	2.10%	
Small Business	Overall	3.74%	2.78%	3.38%	1.89%	In general, PDs overestimate both the 1 year default rate and the long-run DR, with the exception of the German model where there is a slight underestimation. For the Small Business Italy model, a very high PD is observed compared to the DR due to alignment with the Central Tendency (CT 2005-2018: 6.91%).
	Italy	5.06%	3.64%	4.65%	2.32%	
	Germany	0.88%	1.10%	1.03%	0.79%	
	Austria	2.85%	2.38%	2.22%	2.09%	
Private Individuals	Overall	1.15%	0.83%	0.78%	1.03%	There is a good level of alignment between observed and estimated values. Both PDs and DRs are stable compared to last year's results (there is only a slight increase in the default rate on Austria compared to the performance observed in 2020).
	Italy (Mortgages)	2.07%	1.03%	1.07%	1.51%	
	Germany	0.61%	0.62%	0.55%	0.50%	
	Austria	0.86%	0.87%	0.74%	1.14%	

The figures below show in more details the comparison between the estimated LGD against the observed one distinguishing by country and segment. For the Italian models, the figures represent the LGL (Loss Given Liquidation) for the performing portfolio which does not include the impact of cured cases.

Table: Performance of Loss Given Default (LGD) local models

COUNTRY	MODEL	ESTIMATED LGD	OBSERVED LGD	COMMENT
Italy	LGL Corporate (Mid+Small) - 2020	74.73%	82.89%	A not full alignment is detected between estimated and observed losses on Corporate, mainly due to the lower recoveries observed in 2020 and, in general, to the higher losses observed on the disposed positions. On Mortgages, the under conservative level of estimates is mainly due to an increasing trend in the average LGD of the credit files closed in recent years.
	LGL Corporate (Mid+Small) - 2001-2020	79.03%	77.47%	
	LGL Retail (Mortgages) - 2020	46.81%	56.92%	
	LGL Retail (Mortgages) - 2001-2020	47.24%	52.25%	
Germany	Corporate&Retail - 2020	36.39%	32.24%	The estimated LGD is conservative.
	Corporate&Retail - 2005-2020	35.91%	33.66%	
Austria	Corporate&Retail - 2020	86.97%	46.47%	The overestimation is driven by the conservative approach adopted for small exposures and by lower losses observed in the most recent years for several segments.
	Corporate&Retail - 2005-2020	70.37%	47.76%	

The figures below show in more details the comparison between the estimated EAD against the observed one distinguishing by country and segment.

Table: Performance of Exposure at Default (EAD) local models

COUNTRY	MODEL	ESTIMATED EAD	OBSERVED EAD	COMMENT
Italy	Retail (Mortgages) - 2020	100.08%	98.05%	A good alignment is observed. A new EAD model developed in Italy covering the Private Individuals segment, ensuring the coverage of all types of products, went live in production starting from November 2021.
Germany	Corporate&Retail - 2020 (€ million)	140,308	115,206	
Austria	Corporate&Retail - 2020	108.53%	98.27%	

Credit risk

Group-Wide models

The quantitative evaluation of the Group Wide rating systems is annually performed, following the internal validation guidelines, as part of the regular validation activities through specific and dedicated analyses.

Due to the "Low Default Portfolio" nature, common to all customer segments subject to Group Wide ratings, calibration analyses are usually carried out through benchmarking at overall level with long-term estimates published by external providers or comparison at single counterparty level between internal and external ratings published by Standard and Poor's. The summary of the rating agencies assessments is commonly defined as "PD consensus" and the comparison is conducted between internal average PD and average consensus one, using samples including only counterparties that have agency ratings assigned. However, when possible, a back-testing with internal default data is also performed, using the portfolio containing all counterparts with an exposure towards the Group. For the back-testing activities the internal average PD is compared with DR of the subsequent year. A comparison against a "Through the Cycle" timespan of default rates is carried out when long- and robust-time history are collected, due to the peculiarity of this type of portfolios.

Table: Performance of Probability of Default (PD) Group Wide models

MODEL	PD JUNE 2021	CONSENSUS PD JUNE 2021	PD JUNE 2020	DR JUNE 2020-JUNE 2021	DR MULTI YEAR (2017/2021)	COMMENT
Multinational Corporate	1.14%	0.79%	0.84%	1.72%	0.99%	Internal PD is higher than consensus PD and DR of the last 5 years. For LCI segment internal PD is lower than the one-year DR.
Large Corporate Italia			1.45%	2.18%	1.62%	
Global Project Finance			0.94%	4.44%	1.78%	Internal PD is significantly lower than observed DRs. A new calibration, including a Supervisory-imposed multiplier, was implemented after the reference date.
Banks - Overall	1.84%	0.80%				The outcome shows higher average internal PDs compared to external one. The analysis at sub-model level confirms the same result, especially on “Commercial Banks in Emerging Markets”, where internal PD is widely more conservative than external consensus.
Commercal Banks - Developed Countries	0.59%	0.40%				
Commercal Banks - Emerging Markets	3.63%	1.47%				
Banks - Hybrid Banks	0.77%	0.11%				
Banks - Pure Securities Industry	0.39%	0.09%				
Sovereign - Overall	5.25%	2.71%				The overall internal PD is higher than external benchmarks. The analysis performed at sub-segments level returns the same outcome for "Emerging Markets" and shows an internal PD aligned to the benchmark for "Developed Countries".
Sovereign - Developed Countries	0.06%	0.07%				
Sovereign - Emerging Markets	8.38%	4.60%				

For LGD parameter, a benchmarking activity is conducted comparing internal estimates to the ones assigned on counterparties of the same type by external rating agencies, when available.

Table: Performance of Loss Given Default (LGD) group wide models

MODEL	ESTIMATED LGD	OBSERVED LGD	COMMENT
Multinational Corporate	39.41%	49.75%	Calibration results highlight that estimated LGD is lower than the observed LGD. This result is driven by the ILC segment and has led to a recommendation in last validation assessment. Reported figures are as of December 2019.
Multinational Corporate - Only MNC	38.24%	33.95%	
Multinational Corporate	41.97%	88.76%	
Global Project Finance	26.89%	16.54%	LGD estimates are significantly conservative against the observed LGD. Reported figures are as of December 2020.
Banks - Overall	63.23%	19.85%	LGD estimates prove very conservative against the observed LGD. Reported figures are as of December 2019.
Sovereign - Overall	29.07%	19.02%	On the Sovereign perimeter an adequate number of defaults is not available; therefore, the Observed LGD corresponds to the average of LGD estimates provided by other Banks belonging to the “Global Credit Data” Consortium. UniCredit’s estimates are significantly more conservative than the benchmark.

Credit risk

The EAD model is tested using internal and observed values collected. The analysis is performed by considering all model components, in particular the Limit Factor which represents the aggregation of all other model components.
The EAD model is applied to all the four segments composing the Group Wide perimeter: MultiNational Corporate (Italian Large Corporate included), Banks, Sovereign and Global Project Finance.

Table: Performance of Exposure at Default (EAD) group wide models

OVERALL	T-TEST	COMMENT
LF – Limit Factor	RED	The average internally estimated LF (89.75%) is more conservative than the observed value
LEQ - Limit Equivalent Factor	GREEN	The average estimated LEQ is aligned to the average observed LEQ.
LOF- Limit Overdraft Factor	GREEN	The average estimated LOF is aligned to the average observed LOF.
Q – Drawings After Default	RED	The average estimated Q (116.94%) is higher than the observed Q (113.82%), therefore the misalignment is conservative.

Expected loss versus actual loss comparison

Within this section it is described the comparison between the expected loss calculated at beginning of the year ("Expected Loss") and the actual losses ("Write-down on loans") incurred at year-end, on the Group's main credit portfolios.
To assess properly the result of the comparison, it should be noted that the variables mentioned above, although in principle comparable, derive from different calculation methods.
The expected loss, used in this comparison, is the forecast of credit losses due to default of the counterparties with a horizon of one year, calculated on the portfolio of exposures treated under the IRB approach which were classified as performing at the beginning of the period. It is calculated using the Basel II internal parameter estimates for capital requirements calculation as result of the product of PD, LGD and EAD on performing loans at 31 December of the previous year, compared to the reference analysis date. Particularly, the internal PD parameter, used for expected loss comparison, is calibrated "through-the-cycle" to take in account the expansion and recession phases of an entire economic cycle. Furthermore, the LGD parameter refers to a time horizon that covers the entire life of the loan.
The actual loss is defined as the amount of write-down on loans incurred in the year and referred to the exposures treated under IRB approach as described above, which were classified as defaulted during the period and charged to the income statement in the reference year of the analysis.
The actual loss charged to income statement, calculated following IFRS international accounting principle, represent the write-down on loans incurred in the impairment loan portfolio and are based on the present value of expected cash flows; basic elements for the assessment are represented by the identification of estimated collections, timing of payments and the interest rate used. Recovery times are estimated based on the repayment schedule agreed with the borrower or included in a business plan or in forecasts based on historical recovery experience observed for similar classes of loans, considering the type of loan, the geographical location, the type of guarantees and collaterals and any other factor considered relevant.
Considering the differences described above, the following is a comparison of the expected loss related to calendar years 2019, 2020 and 2021 with actual losses recorded in the same financial years for major Group regulatory portfolios. The scope of the analysis includes exposures treated with Advanced IRB approach (except derivatives positions and securitisation) of UniCredit S.p.A., UniCredit Bank AG, UniCredit Leasing Germany, UniCredit Bank Austria AG, UniCredit Bank Czech Republic & Slovakia and UniCredit BulBank.

(€ million)

ASSET CLASS	Expected Loss (Dic 2018)	Actual Loss (Dic 2019)	Delta %	Expected Loss (Dic 2019)	Actual Loss (Dic 2020)	Delta %	Expected Loss (Dic 2020)	Actual Loss (Dic 2021)	Delta %
Corporate	**774.6**	**820.0**	**5.9%**	**906.5**	**1,389.5**	**53.3%**	**892.1**	**711.5**	**-20.2%**
o/w Large Corporates	*433.2*	*417.6*	*-3.6%*	*493.6*	*956.5*	*93.8%*	*522.1*	*355.8*	*-31.9%*
Italy	247.8	147.7	-40.4%	296.8	294.8	-0.7%	281.3	150.3	-46.6%
Germany	126.5	248.6	96.5%	135.9	465.6	242.6%	180.5	145.3	-19.5%
Other LEs(1)	58.9	21.3	-63.8%	60.8	196.1	222.4%	60.4	60.2	-0.3%
Retail	**650.3**	**301.1**	**-53.7%**	**647.7**	**309.9**	**-52.2%**	**544.2**	**241.0**	**-55.7%**
o/w Individual Mortagages	*379.4*	*70.0*	*-81.6%*	*345.0*	*99.7*	*-71.1%*	*291.0*	*47.2*	*-83.8%*
Italy	329.0	57.9	-82.4%	292.9	82.6	-71.8%	239.6	34.8	-85.5%
Germany	28.2	6.2	-78.1%	31.0	8.0	-74.4%	28.7	5.0	-82.6%
Other LEs	22.1	5.9	-73.4%	21.0	9.2	-56.4%	22.7	7.4	-67.5%
Other(2)	**16.8**	**-**	**-100.0%**	**22.7**	**1.1**	**-95.2%**	**20.8**	**0.1**	**-99.5%**
TOTAL	**1,441.8**	**1,121.2**	**-22.2%**	**1,576.8**	**1,700.5**	**7.8%**	**1,457.1**	**952.6**	**-34.6%**

Notes:
1. Other LEs including Austria, Bulgaria and Czech Republic.
2. Administrations and central banks, Supervised institutions, Others.

Credit risk

At the year-end of 2021, the overall Actual Losses were below the Expected Losses, at Group level. Trend is explained both by retail portfolio, which confirmed the evidence from previous years, as well as by the Corporate part of the portfolio that on contrary showed different outcome compared to previous years.
In the "Corporate" segment overall Actual Losses were below the Expected Losses, driven by Italy and Germany, thanks to lower default rate compared to the estimated Regulatory PD at the beginning of the period, also supported by the state measures aimed to confront Covid-19 crisis. Furthermore, other legal entities of the Group, sited in Central and Eastern Europe, reported actual losses in line with the Regulatory Expected Loss of the beginning of the period.
The difference in the "Retail" segment can be observed in all regions in scope (i.e., Italy, Germany, Central and Eastern Europe) and is mainly explained by the following reasons:

- Lower default rate compared to the estimated Regulatory PD at the beginning of the period, partly driven also by the moratoria schemes kept during part of the observed period to cope with Covid-19 crisis in Italy;
- Regulatory PD and expected loss calculated "through the cycle" and therefore not fully reflecting the specific conditions occurred during the year.

Credit risk

RWEAs flow statements - IRB method

In the fourth quarter of 2021, the risk weighted exposures on credit risk under IRB approach recorded an increase of €5,188 million versus the third quarter of 2021 driven primarily by the following items:

- "Asset size" shows an increase of €3,793 million, concentrated mostly in Italy, due to the inflow into IRB perimeter of the Italian Consumer portfolio, previously treated under standard approach, determined by the introduction of the new Private Individuals model and in Central Europe due to business dynamics. The trend was only partially compensated by benefits coming from new securitisations and state guarantees in Italy, and the outflow from IRB perimeter of the Leasing portfolio in Germany, now evaluated according to the standard approach;
- "Model updates" increased by €4,608, impacted principally by the new Italian Private Individuals model, expanding the perimeter of application and including the new regulation, by the Group Wide Banks model embedding TRIM outcomes and by the new Small Business, Commercial Real Estate Finance (CREF) and Private Individuals models in Germany;
- "Asset quality" recorded a decrease of -€1,303 million explained by the evolution of internal ratings and net flows to default, mostly in Germany and Italy;
- "Other" reported a decrease of -€2,621 million driven by other changes of risk parameters in Italy, Central Europe, and Germany.

Template EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

(€ million)

	DESCRIPTION	QUARTER CLOSING AS AT 12.31.2021 RWEA	CUMULATIVE YTD AS AT 12.31.2021 RWEA
		a	
1	**RWEA as at the end of the previous reporting period**	**163,425**	**158,325**
2	Asset size (+/-)	3,793	1,127
3	Asset quality (+/-)	(1,303)	(3,808)
4	Model updates (+/-)	4,608	16,331
5	Methodology and policy (+/-)	0	(705)
6	Acquisitions and disposals (+/-)	-	-
7	Foreign exchange movements (+/-)	711	1,116
8	Other (+/-)	(2,621)	(3,773)
9	**RWEA as at the end of the current reporting period**	**168,613**	**168,613**

Credit risk

Use of risk mitigation techniques (CRM)

The tables provide information about collateralization of on and off-balance credit exposure, with the indication of the amount of the collateral and guarantees eligible for credit risk mitigation purposes.
In detail, the table on collaterals is broken down by collateral type, type of security with the indication of the rating (related to the client who is covered by the guarantee) and maturity (calculated as average of residual contractual maturities of payments, each weighted by the relative amount). The table on guarantees is broken down by guarante type (credit derivatives and personal guarantees) and type of issuer.

Distribution of collaterals on credit exposures to banks and customers

(€ million)

TYPE OF COLLATERAL	TYPE OF SECURITY BY ISSUER'S MACRO CATEGORY	RATING	MATURITY	STOCKS AS AT 12.31.2021			
				WITH BANKS		WITH CUSTOMERS	
				VALUE OF THE GUARANTEE	O/W ELIGEBLE FOR CRM PURPOSES	VALUE OF THE GUARANTEE	O/W ELIGEBLE FOR CRM PURPOSES
Pledge on Securities	Governments Bonds (Central Banks, Multilateral Development Banks and International Organizations included)	Investment Grade	Short term (<5 years)	4,790	4,790	14,293	14,293
			(>= 5 years)	2,032	2,032	7,515	7,514
		Non Investment grade	Short term (<5 years)	539	539	163	145
			(>= 5 years)	62	62	54	53
		Unrated/not available	Short term (<5 years)	-	-	2,420	2,409
			(>= 5 years)	-	-	238	238
	Supervised Financial institution Bonds	Investment Grade	Short term (<5 years)	105	105	124	124
			(>= 5 years)	-	-	15	15
		Non Investment grade	Short term (<5 years)	-	-	134	131
			(>= 5 years)	-	-	9	9
		Unrated/not available	Short term (<5 years)	-	-	77	75
			(>= 5 years)	-	-	18	18
	Corporate Bonds	Investment Grade	Short term (<5 years)	441	441	666	666
			(>= 5 years)	3,585	3,585	95	95
		Non Investment grade	Short term (<5 years)	28	28	266	257
			(>= 5 years)	-	-	83	83
		Unrated/not available	Short term (<5 years)	-	-	283	267
			(>= 5 years)	-	-	42	37
	Other securities	Investment Grade	Short term (<5 years)	-	-	150	80
			(>= 5 years)	-	-	2,115	2,112
		Non Investment grade	Short term (<5 years)	-	-	772	535
			(>= 5 years)	-	-	346	170
		Unrated/not available	Short term (<5 years)	83	83	1,689	1,658
			(>= 5 years)	-	-	341	104
Pledge on Cash deposits				10	1	4,217	2,307
Other pledges				38	38	10,439	4,534
Properties				52	52	160,203	153,116
Other assets				6,116	6,110	10,611	7,009
			Total	**17,879**		**217,379**	

Credit risk

Distribution of guarantees on credit exposures to banks and customers

(€ million)

TYPE	TYPE OF SECURITY BY ISSUER'S MACRO CATEGORY	RATING	STOCKS AS AT 12.31.2021 BANKS VALUE OF THE GUARANTEE	STOCKS AS AT 12.31.2021 BANKS O/W ELIGEBLE FOR CRM PURPOSES	STOCKS AS AT 12.31.2021 CUSTOMERS VALUE OF THE GUARANTEE	STOCKS AS AT 12.31.2021 CUSTOMERS O/W ELIGEBLE FOR CRM PURPOSES
Credit Derivatives	Credit-Linked Notes		-	-	-	-
	Government and Central Banks	Investment grade	-	-	-	-
		Non Investment grade	-	-	-	-
		Unrated/not available	-	-	-	-
	Other Public Entities	Investment grade	-	-	-	-
		Non Investment grade	-	-	-	-
		Unrated/not available	-	-	16	16
	Banks	Investment grade	-	-	-	-
		Non Investment grade	-	-	-	-
		Unrated/not available	-	-	-	-
	Other Entities	Investment grade	-	-	-	-
		Non Investment grade	-	-	-	-
		Unrated/not available	-	-	-	-
Personal Guarantees	Governments and Central Banks	Investment grade	417	417	14,432	14,216
		Non Investment grade	-	-	14,341	14,175
		Unrated/not available	12	12	5,968	5,659
	Other Public Entities	Investment grade	-	-	3,874	3,064
		Non Investment grade	-	-	939	898
		Unrated/not available	14	14	1,289	995
	Banks	Investment grade	199	199	2,576	2,509
		Non Investment grade	47	33	763	730
		Unrated/not available	4	4	2,683	2,374
	Corporate/SMEs	Investment grade	429	344	23,064	21,314
		Non Investment grade	16	13	16,119	14,762
		Unrated/not available	53	53	3,844	2,809
	Physical persons		-	-	17	17
		Total	**1,192**		**89,927**	

Credit risk

Template EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques

(€ million)

	EXPOSURE CLASSES	PRE-CREDIT DERIVATIVES RISK WEIGHTED EXPOSURE AMOUNT	ACTUAL RISK WEIGHTED EXPOSURE AMOUNT
		a	b
1	**Exposures under F-IRB**	**10,065**	**10,065**
2	Central governments or central banks	0	0
3	Institutions	347	347
4	Corporates	9,717	9,717
4.1	*of which Corporates - SMEs*	*2,447*	*2,447*
4.2	*of which Corporates - Specialised lending*	*1,087*	*1,087*
5	**Exposures under A-IRB**	**153,233**	**153,233**
6	Central governments or central banks	1,646	1,646
7	Institutions	7,116	7,116
8	Corporates	108,093	108,093
8.1	*of which Corporates - SMEs*	*16,296*	*16,296*
8.2	*of which Corporates - Specialised lending*	*9,486*	*9,486*
9	Retail	36,378	36,378
9.1	*of which Retail – Secured by immovable property SMEs*	*1,265*	*1,265*
9.2	*of which Retail – Secured by immovable property non-SMEs*	*20,271*	*20,271*
9.3	*of which Retail – Qualifying revolving*	*772*	*772*
9.4	*of which Retail – Other SMEs*	*3,275*	*3,275*
9.5	*of which Retail – Other non-SMEs*	*10,794*	*10,794*
10	**Total as at 12.31.2021 (including F-IRB exposures and A-IRB exposures)**	**163,298**	**163,298**
	Total as at 06.30.2021 (including F-IRB exposures and A-IRB exposures)	**160,694**	**160,691**

Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques - AIRB

(€ million)

	A-IRB	TOTAL EXPOSURE VALUE	CREDIT RISK MITIGATION TECHNIQUES – FUNDED CREDIT PROTECTION (FCP): PART OF EXPOSURES COVERED BY FINANCIAL COLLATERALS (%)	PART OF EXPOSURES COVERED BY OTHER ELIGIBLE COLLATERALS (%)	PART OF EXPOSURES COVERED BY IMMOVABLE PROPERTY COLLATERALS (%)	PART OF EXPOSURES COVERED BY RECEIVABLES (%)	PART OF EXPOSURES COVERED BY OTHER PHYSICAL COLLATERAL (%)
		a	b	c	d	e	f
1	Central governments or central banks	24,827	0.00%	-	-	-	-
2	Institutions	26,590	6.20%	0.25%	0.21%	0.04%	-
3	Corporates	238,752	1.79%	18.61%	17.84%	0.17%	0.60%
3.1	*of which Corporates – SMEs*	*43,870*	*3.11%*	*42.81%*	*42.25%*	*0.23%*	*0.33%*
3.2	*of which Corporates – Specialised lending*	*18,513*	*0.76%*	*22.76%*	*21.60%*	*-*	*1.16%*
3.3	*of which Corporates – Other*	*176,369*	*1.57%*	*12.16%*	*11.37%*	*0.18%*	*0.61%*
4	Retail	128,086	0.96%	67.09%	67.08%	0.01%	0.00%
4.1	*of which Retail – Secured by immovable property SMEs*	*5,072*	*0.55%*	*94.07%*	*94.06%*	*0.01%*	*0.00%*
4.2	*of which Retail – Secured by immovable property non-SMEs*	*85,610*	*0.14%*	*94.79%*	*94.79%*	*0.00%*	*0.00%*
4.3	*of which Retail – Qualifying revolving*	*5,464*	*-*	*-*	*-*	*-*	*-*
4.4	*of which Retail – Other SMEs*	*9,028*	*2.62%*	*0.07%*	*0.00%*	*0.05%*	*0.02%*
4.5	*of which Retail – Other non-SMEs*	*22,912*	*3.69%*	*0.02%*	*-*	*0.02%*	*0.01%*
5	**Total as at 12.31.2021**	**418,254**	**1.71%**	**31.19%**	**30.74%**	**0.10%**	**0.35%**
	Total as at 06.30.2021	**408,338**	**1.45%**	**31.71%**	**31.24%**	**0.11%**	**0.36%**

Credit risk

continued: Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques - AIRB

(€ million)

A-IRB		CREDIT RISK MITIGATION TECHNIQUES: FUNDED CREDIT PROTECTION (FCP): PART OF EXPOSURES COVERED BY OTHER FUNDED CREDIT PROTECTION (%)	PART OF EXPOSURES COVERED BY CASH ON DEPOSIT (%)	PART OF EXPOSURES COVERED BY LIFE INSURANCE POLICIES (%)	PART OF EXPOSURES COVERED BY INSTRUMENTS HELD BY A THIRD PARTY (%)	UNFUNDED CREDIT PROTECTION (UFCP): PART OF EXPOSURES COVERED BY GUARANTEES (%)	PART OF EXPOSURES COVERED BY CREDIT DERIVATIVES (%)	CREDIT RISK MITIGATION METHODS IN THE CALCULATION OF RWEAS: RWEA WITHOUT SUBSTITUTION EFFECTS (REDUCTION EFFECTS ONLY)	RWEA WITH SUBSTITUTION EFFECTS (BOTH REDUCTION AND SUBSTITUTION EFFECTS)
		g	h	i	j	k	l	m	n
1	Central governments or central banks	-	-	-	-	-	-	1,324	1,646
2	Institutions	0.02%	-	0.02%	-	0.00%	-	6,725	7,116
3	Corporates	0.85%	0.00%	0.77%	0.07%	2.70%	-	108,461	108,093
3.1	*of which Corporates – SMEs*	*3.74%*	*0.01%*	*3.70%*	*0.03%*	*9.26%*	-	*16,326*	*16,296*
3.2	*of which Corporates – Specialised lending*	*0.03%*	*0.01%*	*0.00%*	*0.02%*	-	-	*9,637*	*9,486*
3.3	*of which Corporates – Other*	*0.22%*	*0.00%*	*0.13%*	*0.09%*	*1.36%*	-	*82,498*	*82,310*
4	Retail	0.86%	0.00%	0.85%	0.01%	6.47%	-	36,411	36,378
4.1	*of which Retail – Secured by immovable property SMEs*	*1.39%*	-	*1.39%*	*0.00%*	*0.36%*	-	*1,266*	*1,265*
4.2	*of which Retail – Secured by immovable property non-SMEs*	*0.65%*	*0.00%*	*0.64%*	*0.01%*	*0.03%*	-	*20,274*	*20,271*
4.3	*of which Retail – Qualifying revolving*	-	-	-	-	-	-	*772*	*772*
4.4	*of which Retail – Other SMEs*	*0.74%*	*0.00%*	*0.72%*	*0.02%*	*88.89%*	-	*3,294*	*3,275*
4.5	*of which Retail – Other non-SMEs*	*1.79%*	*0.01%*	*1.77%*	*0.01%*	*0.96%*	-	*10,805*	*10,794*
5	**Total as at 12.31.2021**	**0.75%**	**0.00%**	**0.70%**	**0.04%**	**3.53%**	**-**	**152,921**	**153,233**
	Total as at 06.30.2021	**0.71%**	**0.00%**	**0.67%**	**0.03%**	**3.69%**	**-**	**150,139**	**150,466**

Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques - FIRB

(€ million)

F-IRB		TOTAL EXPOSURE VALUE	CREDIT RISK MITIGATION TECHNIQUES: FUNDED CREDIT PROTECTION (FCP): PART OF EXPOSURES COVERED BY FINANCIAL COLLATERALS (%)	PART OF EXPOSURES COVERED BY OTHER ELIGIBLE COLLATERALS (%)	PART OF EXPOSURES COVERED BY IMMOVABLE PROPERTY COLLATERALS (%)	PART OF EXPOSURES COVERED BY RECEIVABLES (%)	PART OF EXPOSURES COVERED BY OTHER PHYSICAL COLLATERAL (%)
		a	b	c	d	e	f
1	Central governments and central banks	40	-	-	-	-	-
2	Institutions	997	-	27.57%	0.01%	27.56%	0.00%
3	Corporates	14,112	1.25%	5.14%	4.90%	0.02%	0.22%
3.1	*of which Corporates – SMEs*	*3,589*	*2.48%*	*12.88%*	*12.47%*	-	*0.41%*
3.2	*of which Corporates – Specialised lending*	*1,357*	*0.43%*	*0.40%*	*0.40%*	-	-
3.3	*of which Corporates – Other*	*9,166*	*0.88%*	*2.81%*	*2.60%*	*0.03%*	*0.18%*
4	**Total as at 12.31.2021**	**15,150**	**1.16%**	**6.60%**	**4.56%**	**1.83%**	**0.21%**
	Total as at 06.30.2021	**15,722**	**1.07%**	**5.86%**	**4.50%**	**1.14%**	**0.21%**

Credit risk

continued: Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques - FIRB

(€ million)

F-IRB		CREDIT RISK MITIGATION TECHNIQUES - FUNDED CREDIT PROTECTION (FCP) - PART OF EXPOSURES COVERED BY OTHER FUNDED CREDIT PROTECTION (%)	PART OF EXPOSURES COVERED BY CASH ON DEPOSIT (%)	PART OF EXPOSURES COVERED BY LIFE INSURANCE POLICIES (%)	PART OF EXPOSURES COVERED BY INSTRUMENTS HELD BY A THIRD PARTY (%)	UNFUNDED CREDIT PROTECTION (UFCP) - PART OF EXPOSURES COVERED BY GUARANTEES (%)	PART OF EXPOSURES COVERED BY CREDIT DERIVATIVES (%)	CREDIT RISK MITIGATION METHODS IN THE CALCULATION OF RWEAS - RWEA WITHOUT SUBSTITUTION EFFECTS (REDUCTION EFFECTS ONLY)	RWEA WITH SUBSTITUTION EFFECTS (BOTH REDUCTION AND SUBSTITUTION EFFECTS)
		g	h	i	j	k	l	m	n
1	Central governments and central banks	-	-	-	-	-	-	-	0
2	Institutions	-	-	-	-	26.18%	-	325	347
3	Corporates	-	-	-	-	13.92%	-	9,664	9,717
3.1	*of which Corporates – SMEs*	-	-	-	-	*17.66%*	-	*2,447*	*2,447*
3.2	*of which Corporates – Specialised lending*	-	-	-	-	-	-	*1,087*	*1,087*
3.3	*of which Corporates – Other*	-	-	-	-	*14.52%*	-	*6,130*	*6,183*
4	**Total as at 12.31.2021**	**-**	**-**	**-**	**-**	**14.69%**	**-**	**9,989**	**10,065**
	Total as at 06.30.2021	**-**	**-**	**-**	**-**	**11.44%**	**-**	**10,059**	**10,225**

The template EU CR7 illustrates the effect of credit derivatives on IRB approach capital requirements' calculation, comparing RWEA before and after Credit Derivatives mitigation. At Group level the impact of such effect is not significant. Thus, the delta of RWEA is not detectable in the table given the limited materiality of data.
The templates EU CR7-A (AIRB and FIRB) show the IRB portfolio composition highlighting the percentage of exposure covered by RWEA eligible collateral and disclosed by exposures class. Column N shows the effects of the different types of credit protection on RWEA calculation in correspondence with the asset class of the protection provider; instead, in column M RWEA are disclosed in the original asset class of the guaranteed entity. Delta between the two columns and, more specifically, the RWEA reduction noticeable in column M, is mainly related to the exposure secured by personal guarantees where, due to the absence of substitution approach effect, if the original exposure belonged to Standard portfolio, RWEA is then no longer represented.

Template EU CR3 - CRM techniques Overview: Disclosure of the use of credit risk mitigation techniques

(€ million)

DESCRIPTION		UNSECURED CARRYING AMOUNT	SECURED CARRYING AMOUNT	OF WHICH SECURED BY COLLATERAL	OF WHICH SECURED BY FINANCIAL GUARANTEES	OF WHICH SECURED BY CREDIT DERIVATIVES
		a	b	c	d	e
1	Loans and advances	370,047	262,910	201,366	61,544	16
2	Debt securities	149,595	137	5	132	
3	**Total as at 12.31.2021**	**519,642**	**263,047**	**201,371**	**61,676**	**16**
4	*of which non-performing exposures*	*11,427*	*5,111*	*3,487*	*1,624*	-
EU-5	*of which defaulted*	*11,427*	*5,111*			
	Total as at 06.30.2021	**549,273**	**284,435**	**227,226**	**57,209**	**41**
	of which non-performing exposures	*15,518*	*6,285*	*4,507*	*1,779*	-
	of which defaulted	*15,518*	*6,285*			

The secured and unsecured carrying amount correspond to the amount of the gross credit exposure belonging to the following accounting portfolios':
- Cash balances at banks and central banks and other demand deposits;
- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income;
- Financial assets at fair value through profit or loss - designated at fair value;
- Financial assets at fair value through profit or loss - mandatorily at fair value.

As at 31 December 2021 there is a general decrease compared to 30 June 2021 in the secured and unsecured carrying amount, mainly due to a reclassification of the assets and liabilities of the 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.

Credit risk

Counterparty risk exposure

Counterparty Credit Risk (CCR) is defined as the risk that the counterparty of a transaction may default before the settlement of the transaction cash flows.
The CCR is a particular case of general credit risk (e.g. loans). Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss: the market value of the transaction can be positive or negative to either counterparty of the transaction. The market value is uncertain and can vary over time with the movement of underlying market factors.
Counterparty Credit Risk exposure is estimated considering the effect of a period of stress (Stressed Expected Positive Exposure) and the collateral management practices.
The financial products falling into the scope of CCR are:
- over the counter derivative instruments (contracts not traded on an exchange);
- security financing transaction (repurchase transactions, securities or commodities lending or borrowing transactions based on securities or commodities and margin lending transactions based on securities or commodities);
- long settlement transactions, where the counterparty to the transaction has a contractual obligation to deliver a security, a commodity, or a foreign currency amount against cash, other financial instruments, or commodities, or vice versa, at a settlement or delivery date (that is later than the earliest of the market standard for the particular transaction);
- exchange traded derivatives.

Counterparty Credit Risk governance principles

In order to design a framework of methodology, policies and processes for the management of Counterparty Credit Risk that is conceptually sound, implemented with integrity and consistent with Supervisory Authorities instructions, the following general principles have been defined:
- Counterparty Credit Risk is a particular type of credit risk and as such the processes and policies governing CCR activities have to follow the same logic as the ones of credit activities, to ensure a comprehensive view on counterparty exposure;
- CCR management must consider the risk limits and comply with the Global Rules issued by Group Risk Management and must fit into Legal Entities limit systems and processes;
- the oversight of CCR will be assured on a daily basis by dedicated risk functions in the Legal Entities and the Parent company, together with the senior management, relevant Committees and Board of Directors;
- a robust process to ensure the capture and analysis of both Specific Wrong Way and General Wrong Way Risks has to be set up;
- for Legal Entities under Internal Model Method (IMM), a group counterparty credit risk model for CCR measurement has to be implemented and maintained by Parent company Methodology function. A rigorous and comprehensive stress testing program has to be set up, considering also local relevant scenarios, based on the output of the CCR measurement;
- a legal framework must be set up to grant the enforceability of risk mitigation practices, such as Netting and Collateral Agreements. Proper Legal opinion must be collected and considered in using such agreements in CCR exposure calculation.

Starting from these principles, the Counterparty Credit Risk Governance has been developed and approved by senior Risk Committee. Below the key points.

Counterparty Credit Risk measurement methodology

UniCredit group Counterparty Credit Risk Management framework is centered on the daily control of risk exposure, defined by using an approach based on the calculation of the distribution of future values of relevant exchange traded, OTC derivatives, long settlement transactions and SFT transactions at single counterparty-level.

Parent company Risk Methodology Function has articulated into three steps the estimation of counterparty-level credit exposure distribution, these are:
- scenario generation. Future market scenarios are simulated for a fixed set of simulation dates, using evolution models of the risk factors;
- instrument valuation. For each simulation date and for each realization of the underlying Market Risk factors, instrument valuation is performed;
- aggregation. For each simulation date and for each realization of the underlying market risk factors, instrument values are added to obtain counterparty portfolio value.

For managerial purposes the counterparty-level exposure of transactions within the Internal Model Method (IMM) is measured using the Potential Future Exposure (PFE). For transactions not included in the scope of the CCR IMM, exposures are estimated using Simplified Exposure Measures (i.e. CCFs). The calibration of Simplified Exposure Measures (SEMs) results in a prudential estimation of PFE.
The internal models that generate daily pre-settlement exposure also generate exposure measures that are used in the Risk Weighted Asset calculation, for which UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria AG received the following authorization: on April 2014 Regulatory authorization; on June 2016 Regulatory authorization to extend the internal model to security financial transactions, certain equity and commodity OTC derivatives and exchange traded derivatives; on May 2017 the further Regulatory authorization to enhance the Internal Model by removing the zero floor from interest rate scenarios.

Credit risk

In March 2019 UniCredit received the Regulatory authorization to extend for the legal entity UniCredit S.p.A. the use of the Internal model for Bond Lending transactions, already authorised for UniCredit Bank AG and UniCredit Bank Austria AG.
In March 2021, UniCredit received approval to change the internal model from a historical calibration to a calibration based on market data.

The same internal models also generate stressed simulations which are submitted into ICAAP process and provide Risk Management with counterparty, country and industry analysis and highlight potential General Wrong Way risks in the portfolio. In the Risk Weighted Exposures calculation, no estimate of alpha is done, instead the fixed value of 1.45 is used.

Group Legal Entities not authorised to use the Internal Model Method (IMM) for the calculation of risk-weighted exposures use the SA-CCR (Standardised Approach - Counterparty Credit Risk) method applying either the Full SA-CCR or Simplified SA-CCR (if the conditions provided by CRR2 Regulation are met). The SA-CCR method is also applied to transactions of UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria AG not covered by the Internal Model Method.

Counterparty Credit Risk framework

Limits, set by UniCredit in accordance to the risk appetite of the Bank, allows a consolidated view of exposure with each counterparty and represent a first step in portfolio counterparty risk management.
The idea is to characterise the potential future exposure (PFE) to a counterparty over time and ensure that this does not exceed a certain value.

UniCredit adopt several processes for the control and mitigation of the CCR including:
- manage collateral;
- pre deal check;
- exposure calculation and validation;
- overdraft management;
- reporting and information to HC and Local Senior management.

Furthermore, UniCredit mitigates Counterparty Credit risk from derivatives and other transactions exposed to CCR through the use of netting agreements, collateral exchange and use of Central Counterparties (CCP).

Netting agreements allows for the aggregation of positive and negative Mark-to-Market derivative transactions with the same counterparty to be offset, reducing the exposure. The enforcement and enforceability of these netting agreements is monitored by UniCredit's Legal Department on an on-going basis and captured in the daily exposure calculation.
Collateral agreements (if legally enforceable in the jurisdiction) might be required, depending on the creditworthiness of the counterparty and the nature of the transaction. As a rule, FX derivatives, interest rate derivatives, equity derivatives, credit derivatives, commodity derivatives, EU-emissions-allowance transactions, weather derivatives and other OTC derivative transactions must be collateralised by a collateral agreement, according to Delegated Regulation (EU) 2251/2016 (Regulatory Technical standards for risk-mitigation techniques for OTC derivative).
Such Regulation requires the exchange both of Variation Margin and Initial Margin if pre-defined thresholds of Notional amount of OTC derivatives bilaterally exchanged are breached; UniCredit is subject to Initial Margin exchange starting from the 1 September 2018 with major counterparties also affected by such Regulation.
As anticipated, UniCredit uses Central Counterparties (CCP's) to mitigate the Counterparty Credit Risk of eligible OTC derivatives. By acting as an intermediary to an OTC derivative transaction a CCP replaces the bilateral counterparty of a trade, leaving UniCredit to manage the market risk of the trade.

Collateral management

Collateral Management is a fundamental activity for mitigating CCR that is operatively carried out on a daily basis. The collateral management framework in UniCredit group encompasses three main distinct set of activities which are carried out accordingly by the respective Group Legal Entities and Parent company functions:
- Risk Management: Group and Local Reporting to Senior Management with regards to Collateral pool composition, Reuse, Margin disputes; collateral framework definition;
- Risk Control: Monitoring of non-Eligible collateral and Re-use of collateral if allowed;
- Operations: daily valuation of trades in terms of SFTs and OTC Derivatives and collateral; monitoring of liquidity score of collateral; collateral substitution in case of non-eligible collateral accepted; portfolio reconciliation and dispute management, daily margin calls management.

Eligibility criteria of received collateral are defined at Group level for ensuring the on-going compliance with the binding regulations. The eligibility criteria for the acceptable collaterals, which ensures collateral agreed to be taken, exhibit characteristics such as price transparency, liquidity, enforceability, independence, and eligibility for regulatory purposes.

Credit risk

Cash and non-cash collateral collected as initial margin for non-centrally cleared OTC transactions cannot be re-hypothecated, re-pledged or re-used, and must be segregated by a Triparty Custodian or Triparty Agent, into a segregated account. The segregation must be certified by an independent legal opinion.
Group legal entities allowed to trade OTC Derivatives with Financial Counterparties can leverage on the Group Implementation of Initial Margin ISDA SIMM™ Model, designed at industry level to comply with Margin Requirements on non-centrally cleared derivatives and harmonise the calculation to reduce potential disputes in Collateral Exchange.

The use of ISDA SIMM™ Model required dedicated processes to be in place to rule:
- ISDA SIMM™ Model Governance;
- concept of “materiality of disputes” with regards to Initial Margin exchanges, to avoid unnecessary efforts in matching low disputes on Operations side;
- Model Maintenance;
- Model Back-testing;
- intragroup transactions treatment;
- non nettable third countries transactions treatment.

Stress testing
According to Parent Company’s general rules, a rigorous and comprehensive stress testing is implemented that considers both Group relevant and Legal Entity specific scenarios based on the output of the CCR measurement.

The CCR Stress Testing process aims at identifying emerging vulnerabilities and analyzing pre-emptive risk mitigating actions, as well as facilitating a better understanding of complex, non-directional portfolio risks such as correlations and wrong way risks, illiquidity, and non-linearity. Stress Testing therefore represents a complement to the statistical measures of risk (such as peak-, expected- and potential future exposure) employed as part of the day-to-day risk management process.

Single factor CCR stress tests allow to assess the broad effect and magnitude of the sensitivity of the exposure profile to a change in key risk-factors, thus representing a simple but effective tool for identifying portfolio vulnerabilities and concentrations to specific risk factors. The single risk factor stress testing is performed both on current exposure and future exposure.

An assessment of the risk factors relevance and scenarios definition for current and future exposure single factor stress testing is performed at least annually by Group legal entities CCR control functions supported by the Risk Methodology function.
Multi factor CCR stress tests allow to assess combined impacts, at Group legal entity and Group Portfolios, of different risk factors shocks (e.g. interest rates, foreign exchange and CDS spreads).
On a yearly basis a reverse Stress test is carried out in order to identify linkages and hypothetical scenarios which could ultimately result in the failure of the bank’s business model.

Wrong Way Risk management
Wrong Way Risk arises when the risk factors driving the exposure to a counterparty are positively correlated with the credit worthiness of that same counterparty. Wrong way Risk is distinguished in Specific Wrong Way Risk (SWWR) and General Wrong Way Risk (GWWR).

SWWR arises when the exposure on a transaction is positively correlated with the counterparty’s creditworthiness for a reason that is specific to the counterparty. Most commonly this kind of correlation is seen where there is similar material legal/economic ownership between collateral/reference entity and counterparty.

SWWR can arise by a legal or economic connection and in case of high correlation between the trade exposure and the counterparty (e.g. the underlying or the underlying issuer is a company of the same industry sector of the counterparty). The business functions must identify trades affected by economic connection and to obtain a pre-approval prior to entering into the transaction. SWWR transactions are closely monitored and controlled as part of regular risk management procedures. UniCredit has appropriate procedures in place to identify, monitor and control cases of SWWR and to apply separate capital rules to transactions where SWWR arises from a legal connection between the counterparty and a trade underlying.
GWWR arises when the likelihood of default by any counterparty is correlated with general market risk factors. In case of GWWR the credit quality of the counterparty is correlated with a risk factor which also affects the value of the transaction with the Group.
To identify possible GWWR scenarios, two complementary approaches are used: (i) quantitative (allows the identification of GWWR-relevant combinations of risk factor and counterparty) and (ii) qualitative (allows the identification of GWWR scenarios by Countries/industries/product types).
Parent company Global Rules aim at defining the framework for analyzing, monitoring and managing the potential impact of GWWR risk by product, region and industry and it also seeks to add additional levels of control to General Wrong Way Risk transactions.

Credit risk

Financial Institutions, Banks and Sovereign ('FIBS') counterparts are subject to a centralized credit process, based on the presence of competent Credit Teams distributed over the main legal entities of the Group. This ensures a homogeneous approach to credit business with FIBS counterparts over all phases of the credit process. The credit process aims at the definition of a Group-wide Plafond, representing the maximum risk appetite of UniCredit group with regards to any Economic Group. The Group-Wide plafond is split into Plafond categories, expressing specific risks, including Counterparty Credit Risk (Pre-settlement risk plafond). Plafonds are sized based on the assessment of expected business volumes and risk considerations and are approved by the relevant competent approval Body. Credit limits, univocally linked to specific plafond categories, may then be set. Such credit limits drive the ordinary operative credit management activity in the local credit systems.

With regard to Counterparty Credit Risk plafond category assigned to Group legal entities allowed to use Internal Model Method for Counterparty Credit Risk (UniCredit Bank AG, UniCredit S.p.A., UniCredit Bank Austria AG), the credit process explicitly requires that effects of stress scenarios on existing pre-settlement exposure are assessed and duly reflected in the quantification and management of the related credit limits. Furthermore, allocation of pre-settlement credit limits is conditional to minimum requirements for Master Agreements, established based on the credit profile of the counterparty, the products targeted, the nature and tenor of the underlying Pre-Settlement limits.

Against the backdrop of the business activity conducted within the credit limits set forth coherently with the approved plafonds, total exposure is further subject to Bulk Risk limits. Such limits are set according to the creditworthiness of the Economic Group in Net Exposure at Default ("NEAD") terms and are reviewed annually through a dedicated approval process. All risks (including pre-settlement, but excluding Clearing Houses) contribute to the determination of the measure.

Central Clearing Counterparts ("CCPs") are subject to an additional, specific risk framework, encompassing explicit thresholds in terms of Additional Economic Exposure ("AEE").

In particular, for each individual CCP a specific AEE is calculated, being the sum of (i) default contributions (funded and unfunded) and (ii) any further contributions callable under Capital Calls or Default Fund Replenishment Mechanisms. The former represents the amount of cash and securities posted towards a CCP as a contractual obligation deriving from the membership to the Clearing House, callable in event of a Clearing Member(s) default, where the defaulting Clearing Member(s) Initial Margin and Default Fund contributions were insufficient to satisfy the loss. The latter is instead related to contingent liabilities that UniCredit could be liable for, under clearing membership agreements based on a CCP's power of assessment, in case a CCP's pre-funded Default Fund is exhausted.

The components of the AEE are calculated, advised and subject to changes unilaterally by the CCP, according to the size of UniCredit group's business volumes generated as Clearing Member.

The framework ensures that contributions and commitments to any given Default Waterfall Mechanism, applicable to specific CCPs, are subject to specific quantitative thresholds. In fact, quantification and monitoring the AEE is fundamental in understanding the potential economic loss in the event of a CCP distress. Considering that such exposures are largely set unilaterally by the CCP, the AEE is not managed through counterparty credit limits within the risk plafond structure, but within a specific monitoring threshold, segregated from the remaining risk types.

The AEE thresholds are defined internally by UniCredit group at CCP level. The definition of the thresholds towards each CCP is performed and approved in bulk annually in the context of the definition of the Credit Risk Strategies. Any intra-annual changes are delegated to the competent credit approval body of the Group the CCP belongs to.

The framework also features:

- an AEE Portfolio threshold, tracking aggregate AEE exposure and being set lower than the sum of the AEE thresholds approved for individual CCPs;
- a CCP Concentration Risk Metric, monitoring and setting a threshold to the risk that UniCredit group takes in a given CCP. Such metric is calculated on default fund/service line level as the Default Fund contributed by UniCredit group to the Total Default Fund of the CCP. The CCP concentration risk is defined based on the importance of each CCP's business line for UCG and historical data.

Credit risk

Template EU CCR1 - Analysis of CCR exposure by approach

(€ million)

		a	b	c	d	e	f	g	h
	DESCRIPTION	REPLACEMENT COST (RC)	POTENTIAL FUTURE EXPOSURE (PFE)	EEPE	ALPHA USED FOR COMPUTING REGULATORY EXPOSURE VALUE	EXPOSURE VALUE PRE-CRM	EXPOSURE VALUE POST-CRM	EXPOSURE VALUE	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	0	0		1.4	-	0	0	0
1	SA-CCR (for derivatives)	1,043	1,618		1.4	6,012	3,738	3,698	1,991
2	IMM (for derivatives and SFTs)			21,722	1.45	45,807	32,473	32,202	9,215
2a	*of which securities financing transactions netting sets*			*5,880*		*13,409*	*8,526*	*8,526*	*2,354*
2b	*of which derivatives and long settlement transactions netting sets*			*15,842*		*32,398*	*23,947*	*23,676*	*6,862*
2c	*of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					3,979	3,664	3,664	46
5	VaR for SFTs					-	-	-	-
6	**Total as at 12.31.2021**					**55,797**	**39,875**	**39,564**	**11,253**
	Total as at 06.30.2021					**78,043**	**60,486**	**60,221**	**11,468**

Note:
The table EU CCR1 above doesn't include the Central Clearing Counterparts exposure ("CCPs") that are reported in the following EU CCR8 table.

Template EU CCR2 - Transactions subject to own funds requirements for CVA risk

(€ million)

		a	b
	DESCRIPTION	EXPOSURE VALUE	RWEA
1	Total transactions subject to the Advanced method	2,216	723
2	(i) VaR component (including the 3× multiplier)		105
3	(ii) stressed VaR component (including the 3× multiplier)		618
4	Transactions subject to the Standardised method	1,974	626
EU-4	Transactions subject to the Alternative approach (based on the Original Exposure method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk as at 12.31.2021**	**4,190**	**1,350**
	Total transactions subject to own funds requirements for CVA risk as at 06.30.2021	**6,456**	**1,516**

Template EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

(€ million)

		RISK WEIGHT					
		a	b	c	d	e	f
	EXPOSURE CLASSES	0%	2%	4%	10%	20%	50%
1	Central governments or central banks	5,614	-	-	-	-	60
2	Regional government or local authorities	2,494	-	-	-	69	-
3	Public sector entities	262	-	-	-	0	2
4	Multilateral development banks	1,586	-	-	-	-	0
5	International organisations	0	-	-	-	-	-
6	Institutions	-	7,095	-	-	17	34
7	Corporates	-	5,191	-	-	74	77
8	Retail	-	-	-	-	-	-
9	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	4	1
10	Other items	-	-	-	-	-	-
11	**Total exposure value as at 12.31.2021**	**9,957**	**12,286**	**-**	**-**	**165**	**174**
	Total exposure value as at 06.30.2021	**10,761**	**9,405**	**-**	**-**	**181**	**91**

Credit risk

continued: Template EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights

(€ million)

	EXPOSURE CLASSES	RISK WEIGHT					
		g	h	i	j	k	l
		70%	75%	100%	150%	OTHERS	TOTAL EXPOSURE VALUE
1	Central governments or central banks	-	-	0	-	-	5,674
2	Regional government or local authorities	-	-	-	-	-	2,564
3	Public sector entities	-	-	10	-	-	274
4	Multilateral development banks	-	-	-	-	-	1,586
5	International organisations	-	-	-	-	-	0
6	Institutions	-	-	1	-	-	7,147
7	Corporates	-	-	1,086	-	-	6,428
8	Retail	-	7	-	-	-	7
9	Exposures to institutions and corporates with a short-term credit assessment	-	-	1	2	-	7
10	Other items	-	-	-	6	-	6
11	**Total exposure value as at 12.31.2021**	**-**	**7**	**1,097**	**8**	**-**	**23,695**
	Total exposure value as at 06.30.2021	**-**	**7**	**1,412**	**34**	**-**	**21,890**

Template EU CCR8 - Exposures to CCPs

(€ million)

	DESCRIPTION	EXPOSURE VALUE	RWEA
		a	b
1	**Exposures to QCCPs Total as at 12.31.2021**	**14,934**	**258**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	12,286	246
3	*(i) OTC derivatives*	*581*	*12*
4	*(ii) Exchange-traded derivatives*	*8,939*	*179*
5	*(iii) SFTs*	*2,767*	*55*
6	*(iv) Netting sets where cross-product netting has been approved*	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	1,457	12
10	Unfunded default fund contributions	1,191	-
11	**Exposures to non-QCCPs Total as at 12.31.2021**	**-**	**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	*(i) OTC derivatives*	-	-
14	*(ii) Exchange-traded derivatives*	-	-
15	*(iii) SFTs*	-	-
16	*(iv) Netting sets where cross-product netting has been approved*	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-
	Exposures to QCCPs Total as at 06.30.2021	**12,510**	**207**
	Exposures to non-QCCPs Total as at 06.30.2021	**-**	**-**

Credit risk

Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - AIRB

(€ million)

		a	b	c	d	e	f	g
AIRB	PD SCALE	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RWEA	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNTS
Central governments or central banks	0.00 to <0.15	3,550	0.00%	3	25.13%	0.03	7	0.19%
	0.00 to <0.10	3,550	0.00%	3	25.13%	0.03	7	0.19%
	0.10 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	17	0.35%	1	34.21%	4.93	11	66.72%
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-
	1.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	2.50 to <5.00	-	-	-	-	-	-	-
	5.00 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	1	100.00%	1	60.00%	5.00	0	7.50%
	Sub-total	**3,567**	**0.02%**	**5**	**25.18%**	**0.05**	**18**	**0.51%**
Institutions	0.00 to <0.15	5,118	0.10%	176	41.29%	1.31	1,688	32.98%
	0.00 to <0.10	1,773	0.06%	108	31.78%	1.99	483	27.23%
	0.10 to <0.15	3,345	0.12%	68	46.32%	0.95	1,205	36.02%
	0.15 to <0.25	1,515	0.19%	43	56.06%	0.43	515	33.98%
	0.25 to <0.50	367	0.36%	35	46.67%	0.89	173	47.21%
	0.50 to <0.75	41	0.66%	22	48.13%	2.89	44	108.55%
	0.75 to <2.50	34	1.30%	36	47.68%	1.79	38	112.19%
	0.75 to <1.75	28	1.16%	27	45.13%	1.56	26	93.21%
	1.75 to <2.50	6	1.90%	9	58.63%	2.78	13	193.80%
	2.50 to <10.00	22	6.12%	12	9.51%	3.99	62	278.36%
	2.50 to <5.00	3	2.80%	8	56.42%	2.86	5	165.02%
	5.00 to <10.00	19	6.63%	4	2.38%	4.16	57	295.59%
	10.00 to <100.00	-	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Sub-total	**7,097**	**0.16%**	**324**	**44.69%**	**1.12**	**2,520**	**35.51%**
Corporates - SME	0.00 to <0.15	46	0.08%	179	35.22%	3.15	8	16.49%
	0.00 to <0.10	26	0.04%	69	35.08%	3.81	4	14.20%
	0.10 to <0.15	20	0.13%	110	35.40%	2.29	4	19.45%
	0.15 to <0.25	63	0.19%	344	36.70%	2.76	18	28.62%
	0.25 to <0.50	168	0.40%	991	48.13%	3.03	96	57.09%
	0.50 to <0.75	60	0.62%	704	42.58%	2.16	29	48.99%
	0.75 to <2.50	242	1.52%	2,013	42.69%	2.59	177	73.09%
	0.75 to <1.75	154	1.17%	1,483	41.59%	2.54	102	66.10%
	1.75 to <2.50	88	2.12%	530	44.62%	2.68	75	85.33%
	2.50 to <10.00	204	4.32%	1,231	41.95%	2.64	194	94.86%
	2.50 to <5.00	134	3.17%	802	41.17%	2.63	114	85.07%
	5.00 to <10.00	71	6.51%	429	43.43%	2.66	80	113.40%
	10.00 to <100.00	26	16.37%	162	48.80%	2.69	43	166.13%
	10.00 to <20.00	23	14.11%	117	48.49%	2.67	38	164.77%
	20.00 to <30.00	1	23.69%	28	50.87%	2.74	2	200.98%
	30.00 to <100.00	1	51.70%	17	52.87%	2.99	2	162.78%
	100.00 (Default)	20	100.00%	94	68.01%	2.21	5	25.26%
	Sub-total	**828**	**4.54%**	**5,718**	**43.53%**	**2.70**	**569**	**68.68%**

Credit risk

continued: Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - AIRB

(€ million)

		a	b	c	d	e	f	g
AIRB	PD SCALE	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RWEA	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNTS
Corporates - Specialised lending	0.00 to <0.15	60	0.08%	23	24.08%	3.32	9	14.54%
	0.00 to <0.10	43	0.06%	8	19.90%	3.50	5	11.12%
	0.10 to <0.15	17	0.13%	15	34.26%	2.88	4	22.85%
	0.15 to <0.25	81	0.20%	67	31.06%	2.94	25	31.49%
	0.25 to <0.50	190	0.35%	122	25.98%	3.24	63	33.18%
	0.50 to <0.75	56	0.61%	68	30.49%	4.29	33	58.43%
	0.75 to <2.50	206	1.16%	88	26.24%	3.55	116	56.35%
	0.75 to <1.75	188	1.06%	79	26.72%	3.54	105	55.98%
	1.75 to <2.50	18	2.19%	9	21.33%	3.63	11	60.13%
	2.50 to <10.00	24	4.62%	21	26.90%	3.67	19	79.27%
	2.50 to <5.00	12	3.43%	15	25.85%	3.53	9	76.15%
	5.00 to <10.00	12	5.84%	6	27.98%	3.81	10	82.46%
	10.00 to <100.00	5	18.50%	3	27.00%	1.10	7	139.14%
	10.00 to <20.00	5	18.50%	2	26.96%	1.09	7	138.94%
	20.00 to <30.00	0	21.76%	1	56.30%	5.00	0	276.58%
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	102	100.00%	13	65.66%	3.79	59	58.47%
	Sub-total	**724**	**14.83%**	**405**	**32.42%**	**3.46**	**332**	**45.84%**
Corporates - Other	0.00 to <0.15	8,076	0.09%	539	42.34%	1.65	2,334	28.90%
	0.00 to <0.10	4,476	0.08%	298	43.75%	1.79	1,225	27.37%
	0.10 to <0.15	3,600	0.12%	241	40.58%	1.48	1,109	30.80%
	0.15 to <0.25	3,210	0.19%	471	48.10%	1.16	1,111	34.61%
	0.25 to <0.50	2,679	0.34%	839	47.81%	1.46	1,427	53.27%
	0.50 to <0.75	395	0.63%	497	50.58%	2.45	364	92.20%
	0.75 to <2.50	577	1.17%	1,078	43.69%	2.38	565	97.78%
	0.75 to <1.75	493	1.02%	837	42.44%	2.39	451	91.65%
	1.75 to <2.50	85	2.05%	241	50.99%	2.30	113	133.42%
	2.50 to <10.00	206	4.93%	494	46.07%	2.11	319	154.27%
	2.50 to <5.00	132	3.70%	323	46.24%	2.00	185	140.84%
	5.00 to <10.00	75	7.08%	171	45.76%	2.31	133	177.86%
	10.00 to <100.00	36	16.98%	99	57.80%	2.02	104	292.70%
	10.00 to <20.00	30	14.41%	84	59.05%	1.88	88	292.32%
	20.00 to <30.00	3	21.86%	6	60.95%	3.72	11	364.73%
	30.00 to <100.00	2	43.72%	9	37.47%	1.63	5	199.87%
	100.00 (Default)	20	100.00%	56	53.48%	1.55	5	25.29%
	Sub-total	**15,199**	**0.45%**	**4,073**	**44.89%**	**1.57**	**6,228**	**40.98%**
Retail - of which Secured by immovable property SMEs	0.00 to <0.15	-	-	-	-		-	-
	0.00 to <0.10	-	-	-	-		-	-
	0.10 to <0.15	-	-	-	-		-	-
	0.15 to <0.25	-	-	-	-		-	-
	0.25 to <0.50	-	-	-	-		-	-
	0.50 to <0.75	-	-	-	-		-	-
	0.75 to <2.50	-	-	-	-		-	-
	0.75 to <1.75	-	-	-	-		-	-
	1.75 to <2.50	-	-	-	-		-	-
	2.50 to <10.00	-	-	-	-		-	-
	2.50 to <5.00	-	-	-	-		-	-
	5.00 to <10.00	-	-	-	-		-	-
	10.00 to <100.00	-	-	-	-		-	-
	10.00 to <20.00	-	-	-	-		-	-
	20.00 to <30.00	-	-	-	-		-	-
	30.00 to <100.00	-	-	-	-		-	-
	100.00 (Default)	-	-	-	-		-	-
	Sub-total	**-**	**-**	**-**	**-**		**-**	**-**

Credit risk

continued: Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - AIRB

(€ million)

		a	b	c	d	e	f	g
AIRB	PD SCALE	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RWEA	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNTS
Retail - of which Secured by immovable property non SMEs	0.00 to <0.15	-	-	-	-		-	-
	0.00 to <0.10	-	-	-	-		-	-
	0.10 to <0.15	-	-	-	-		-	-
	0.15 to <0.25	-	-	-	-		-	-
	0.25 to <0.50	-	-	-	-		-	-
	0.50 to <0.75	-	-	-	-		-	-
	0.75 to <2.50	-	-	-	-		-	-
	0.75 to <1.75	-	-	-	-		-	-
	1.75 to <2.50	-	-	-	-		-	-
	2.50 to <10.00	-	-	-	-		-	-
	2.50 to <5.00	-	-	-	-		-	-
	5.00 to <10.00	-	-	-	-		-	-
	10.00 to <100.00	-	-	-	-		-	-
	10.00 to <20.00	-	-	-	-		-	-
	20.00 to <30.00	-	-	-	-		-	-
	30.00 to <100.00	-	-	-	-		-	-
	100.00 (Default)	-	-	-	-		-	-
	Sub-total	**-**	**-**	**-**	**-**		**-**	**-**
Retail - Qualifying revolving	0.00 to <0.15	-	-	-	-		-	-
	0.00 to <0.10	-	-	-	-		-	-
	0.10 to <0.15	-	-	-	-		-	-
	0.15 to <0.25	-	-	-	-		-	-
	0.25 to <0.50	-	-	-	-		-	-
	0.50 to <0.75	-	-	-	-		-	-
	0.75 to <2.50	-	-	-	-		-	-
	0.75 to <1.75	-	-	-	-		-	-
	1.75 to <2.50	-	-	-	-		-	-
	2.50 to <10.00	-	-	-	-		-	-
	2.50 to <5.00	-	-	-	-		-	-
	5.00 to <10.00	-	-	-	-		-	-
	10.00 to <100.00	-	-	-	-		-	-
	10.00 to <20.00	-	-	-	-		-	-
	20.00 to <30.00	-	-	-	-		-	-
	30.00 to <100.00	-	-	-	-		-	-
	100.00 (Default)	-	-	-	-		-	-
	Sub-total	**-**	**-**	**-**	**-**		**-**	**-**
Retail - of which Other SME	0.00 to <0.15	0	0.14%	1	34.11%		0	7.96%
	0.00 to <0.10	-	-	-	-		-	-
	0.10 to <0.15	0	0.14%	1	34.11%		0	7.96%
	0.15 to <0.25	0	0.20%	34	47.60%		0	15.99%
	0.25 to <0.50	2	0.37%	147	49.03%		0	23.79%
	0.50 to <0.75	1	0.61%	107	45.81%		0	30.52%
	0.75 to <2.50	4	1.34%	247	40.76%		2	36.97%
	0.75 to <1.75	3	1.07%	199	41.65%		1	35.74%
	1.75 to <2.50	1	2.08%	48	38.34%		0	40.31%
	2.50 to <10.00	7	3.71%	107	33.99%		3	38.92%
	2.50 to <5.00	6	3.55%	81	33.41%		2	38.04%
	5.00 to <10.00	0	6.84%	26	45.33%		0	56.05%
	10.00 to <100.00	1	18.18%	30	44.65%		0	76.21%
	10.00 to <20.00	0	15.95%	26	43.19%		0	69.76%
	20.00 to <30.00	0	23.93%	4	48.42%		0	92.91%
	30.00 to <100.00	-	-	-	-		-	-
	100.00 (Default)	0	100.00%	8	89.99%		0	10.86%
	Sub-total	**15**	**4.44%**	**681**	**40.24%**		**6**	**36.68%**

Credit risk

continued: Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - AIRB

(€ million)

		a	b	c	d	e	f	g
AIRB	PD SCALE	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RWEA	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNTS
Retail - of which Other non SME	0.00 to <0.15	54	0.08%	88	12.69%		2	3.24%
	0.00 to <0.10	45	0.07%	72	13.05%		1	3.18%
	0.10 to <0.15	10	0.13%	16	10.98%		0	3.50%
	0.15 to <0.25	5	0.21%	26	18.14%		0	8.45%
	0.25 to <0.50	11	0.36%	32	13.38%		1	8.58%
	0.50 to <0.75	6	0.60%	52	14.10%		1	11.78%
	0.75 to <2.50	27	1.15%	137	12.94%		4	15.34%
	0.75 to <1.75	24	1.01%	111	10.57%		3	11.67%
	1.75 to <2.50	3	2.17%	26	29.91%		1	41.56%
	2.50 to <10.00	4	3.56%	28	25.19%		1	38.22%
	2.50 to <5.00	4	3.52%	24	25.38%		1	38.48%
	5.00 to <10.00	0	6.19%	4	13.69%		0	22.79%
	10.00 to <100.00	0	20.04%	2	46.80%		0	104.81%
	10.00 to <20.00	0	15.87%	1	46.80%		0	95.99%
	20.00 to <30.00	0	27.25%	1	46.80%		0	120.05%
	30.00 to <100.00	-	-	-	-		-	-
	100.00 (Default)	1	100.00%	4	41.49%		0	23.31%
	Sub-total	**108**	**1.11%**	**369**	**13.76%**		**10**	**8.93%**
Total (all CCR relevant exposure classes) AIRB as at 12.31.2021		**27,539**	**0.83%**	**11,575**	**34.04%**	**1.29**	**9,682**	**35.16%**
Total (all CCR relevant exposure classes) AIRB as at 06.30.2021		**47,119**	**0.65%**	**12,745**	**18.53%**	**1.10**	**9,614**	**20.40%**

Credit risk

Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - FIRB

(€ million)

FIRB	PD SCALE	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RWEA	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNTS
		a	b	c	d	e	f	g
Central governments or central banks	0.00 to <0.15	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-
	1.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	2.50 to <5.00	-	-	-	-	-	-	-
	5.00 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Institutions	0.00 to <0.15	20	0.10%	10	14.53%	1.90	8	40.35%
	0.00 to <0.10	10	0.08%	6	-	1.38	4	37.96%
	0.10 to <0.15	9	0.12%	4	31.02%	2.50	4	43.06%
	0.15 to <0.25	15	0.19%	4	45.00%	2.50	7	46.40%
	0.25 to <0.50	1	0.28%	2	45.00%	2.50	1	55.76%
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	1	1.09%	4	45.00%	2.50	1	100.42%
	0.75 to <1.75	1	1.09%	4	45.00%	2.50	1	100.42%
	1.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	2.50 to <5.00	-	-	-	-	-	-	-
	5.00 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Sub-total	**37**	**0.17%**	**20**	**28.89%**	**2.19**	**17**	**45.22%**
Corporates - SME	0.00 to <0.15	0	0.11%	1	45.00%	2.50	0	23.42%
	0.00 to <0.10	-	-	-	-	-	-	-
	0.10 to <0.15	0	0.11%	1	45.00%	2.50	0	23.42%
	0.15 to <0.25	3	0.20%	7	45.00%	2.50	1	33.64%
	0.25 to <0.50	12	0.33%	30	45.00%	2.50	5	40.27%
	0.50 to <0.75	2	0.61%	16	45.00%	2.50	1	54.67%
	0.75 to <2.50	10	1.41%	108	45.00%	2.50	7	72.73%
	0.75 to <1.75	8	1.22%	70	45.00%	2.50	5	69.52%
	1.75 to <2.50	2	2.09%	38	45.00%	2.50	2	84.38%
	2.50 to <10.00	4	4.75%	89	45.00%	2.50	4	99.86%
	2.50 to <5.00	3	3.45%	66	45.00%	2.50	3	90.76%
	5.00 to <10.00	1	7.69%	23	45.00%	2.50	2	120.34%
	10.00 to <100.00	0	15.64%	8	45.00%	2.50	0	143.64%
	10.00 to <20.00	0	14.31%	6	45.00%	2.50	0	140.88%
	20.00 to <30.00	0	27.25%	2	45.00%	2.50	0	167.76%
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	1	100.00%	11	45.00%	2.50	-	-
	Sub-total	**32**	**4.05%**	**270**	**45.00%**	**2.50**	**18**	**57.90%**

Credit risk

continued: Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - FIRB

(€ million)

		a	b	c	d	e	f	g
FIRB	PD SCALE	EXPOSURE POST CCF AND POST CRM	EXPOSURE WEIGHTED AVERAGE PD (%)	NUMBER OF OBLIGORS	EXPOSURE WEIGHTED AVERAGE LGD (%)	EXPOSURE WEIGHTED AVERAGE MATURITY (YEARS)	RWEA	DENSITY OF RISK WEIGHTED EXPOSURE AMOUNTS
Corporates - Specialised lending	0.00 to <0.15	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-
	1.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	2.50 to <5.00	-	-	-	-	-	-	-
	5.00 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	10.00 to <20.00	-	-	-	-	-	-	-
	20.00 to <30.00	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Corporates - Other	0.00 to <0.15	73	0.12%	9	45.00%	2.50	25	34.21%
	0.00 to <0.10	9	0.03%	5	45.00%	2.50	1	15.85%
	0.10 to <0.15	64	0.14%	4	45.00%	2.50	24	36.73%
	0.15 to <0.25	8	0.22%	8	45.00%	2.50	4	48.60%
	0.25 to <0.50	326	0.31%	25	45.00%	2.50	186	57.03%
	0.50 to <0.75	6	0.61%	9	45.00%	2.50	5	83.49%
	0.75 to <2.50	18	1.33%	36	45.00%	2.50	19	107.35%
	0.75 to <1.75	15	1.19%	26	45.00%	2.50	16	104.50%
	1.75 to <2.50	3	2.11%	10	45.00%	2.50	3	123.19%
	2.50 to <10.00	1	3.40%	16	45.00%	2.50	2	141.52%
	2.50 to <5.00	1	3.40%	16	45.00%	2.50	2	141.52%
	5.00 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	1	11.69%	6	45.00%	2.50	3	212.48%
	10.00 to <20.00	1	11.69%	6	45.00%	2.50	3	212.48%
	20.00 to <30.00	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	1	100.00%	6	45.00%	2.50	-	-
	Sub-total	**435**	**0.48%**	**115**	**45.00%**	**2.50**	**244**	**56.19%**
Total (all CCR relevant exposure classes) FIRB as at 12.31.2021		**504**	**0.68%**	**405**	**42.88%**	**2.39**	**279**	**55.49%**
Total (all CCR relevant exposure classes) FIRB as at 06.30.2021		**564**	**0.69%**	**404**	**40.08%**	**0.57**	**271**	**48.04%**

The evolution of the overall Group counterparty credit risk AIRB portfolio over the reporting period (December 2021 vs June 2021) is principally driven by the following trends:

- the asset class “Central governments and central banks” shows an exposure decrease of -€20,401 million, concentrated in the performing portfolio, fully explained by the trend on securities financing transactions in Central Europe (Czech Republic);
- the asset class “Corporates - Other” shows an exposure increase of €2,070 million, concentrated in in the performing portfolio and explained by the evolution of derivatives transactions in Germany.

Credit risk

RWEAs flow statements - IMM method

Counterparty credit risk exposures under IMM Approach decreased by -€151 million in the fourth quarter of 2021 compared with the third quarter of 2021. The trend is explained principally by the following items:

- "Asset size" shows a reduction of -€226 million, mainly resulting from a decrease in derivative positions in Italy and Central Europe, only partially offset by trend on securities financing transactions in Italy and Germany;
- "Credit quality of counterparties", with the increase of €42 million, related to the risk parameters evolution in Germany.

Template EU CCR7 - RWEA flow statements of CCR exposures under the IMM

(€ million)

	DESCRIPTION	QUARTER CLOSING AS AT 12.31.2021 RWEA a
1	**RWEA as at the end of the previous reporting period**	**9,366**
2	Asset size	(226)
3	Credit quality of counterparties	42
4	Model updates (IMM only)	-
5	Methodology and policy (IMM only)	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	24
8	Other	9
9	**RWEA as at the end of the current reporting period**	**9,215**

Credit risk

Template EU CCR5 - Composition of collateral for CCR exposures

(€ million)

		a	b	c	d	e	f	g	h
		COLLATERAL USED IN DERIVATIVE TRANSACTIONS				COLLATERAL USED IN SFTs			
		FAIR VALUE OF COLLATERAL RECEIVED		FAIR VALUE OF POSTED COLLATERAL		FAIR VALUE OF COLLATERAL RECEIVED		FAIR VALUE OF POSTED COLLATERAL	
COLLATERAL TYPE		SEGREGATED	UNSEGREGATED	SEGREGATED	UNSEGREGATED	SEGREGATED	UNSEGREGATED	SEGREGATED	UNSEGREGATED
1	Cash – domestic currency	0	9,001	121	13,728	20	2,459	643	389
2	Cash – other currencies	0	1,226	3	1,592	-	1,180	0	154
3	Domestic sovereign debt	57	1	829	48	-	27,434	720	33,221
4	Other sovereign debt	576	67	3,428	2,670	10	16,907	570	25,090
5	Government agency debt	8	-	1,306	-	-	820	1,223	7,496
6	Corporate bonds	2	10	34	-	-	2,133	-	218
7	Equity securities	-	-	-	-	16	1,154	-	3,808
8	Other collateral	6	47	446	-	-	4,433	190	3,821
9	**Total as at 12.31.2021**	**650**	**10,352**	**6,168**	**18,038**	**46**	**56,521**	**3,347**	**74,197**
	Total as at 06.30.2021	**536**	**9,859**	**5,280**	**14,729**	**23**	**83,821**	**6,196**	**126,020**

The collateral received, used in derivatives transactions, is quite stable, with a slight increase mainly due to a change driven by UniCredit Bank AG on Financial Institutions.
With regards to the collateral posted, used in derivative transactions, the main variation is in the unsegregated component, driven by UniCredit Bank AG and due to counterparties trading in Commodity Derivatives, caused by price volatility in commodity markets in the observation period.

Regarding the Fair value of collateral received used in SFTs, the main variation is driven by a reduction of unsegregated component, mainly due to UniCredit Czech Republic and Slovakia and UniCredit Bank AG expired transactions.
Also in terms of collateral posted for SFTs, the main variation is driven by a reduction in unsegregated component, due to expired transactions in UniCredit S.p.A., UniCredit Bank AG and UniCredit Czech Republic and Slovakia.

Template EU CCR6 - Credit derivatives exposures

(€ million)

		12.31.2021		06.30.2021	
		a	b	a	b
DESCRIPTION		PROTECTION BOUGHT	PROTECTION SOLD	PROTECTION BOUGHT	PROTECTION SOLD
Notionals					
1	Single-name credit default swaps	894	862	1,157	902
2	Index credit default swaps	7,641	6,199	4,475	3,613
3	Total return swaps	64	377	-	405
4	Credit options	-	-	-	-
5	Other credit derivatives	-	-	-	-
6	**Total notionals**	**8,600**	**7,438**	**5,632**	**4,921**
Fair values					
7	Positive fair value (asset)	6	200	5	133
8	Negative fair value (liability)	(246)	(90)	(175)	(100)

Comparing to volumes as at 30 June 2021, there is an increase of 52% on the overall total notionals, mainly observed on the portfolio of the subsidiary UniCredit Bank AG, which holds the entire stock of credit derivatives as at 31 December 2021.

Credit risk

Information on Sovereign exposures[38]

With reference to the Group's Sovereign exposures[39], the book value of sovereign debt securities as at 31 December 2021 amounted to €114,690 million, of which over the 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.

Breakdown of sovereign debt securities by country and portfolio

(€ million)

COUNTRY/PORTFOLIO	AMOUNTS AS AT 12.31.2021 NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**41,703**	**43,121**	**43,477**
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
- Spain	**16,504**	**17,222**	**17,323**
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
- Germany	**10,794**	**11,075**	**11,097**
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
- Japan	**10,290**	**10,462**	**10,465**
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
- United States of America	**4,154**	**4,318**	**4,318**
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
- Austria	**3,888**	**4,171**	**4,169**
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
- France	**3,474**	**3,783**	**3,772**
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
- Romania	**2,312**	**2,417**	**2,327**
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
Total on-balance sheet exposures	**93,119**	**96,569**	**96,948**

Notes:
(*) Including exposures in Credit Derivatives.
Negative amount, if any indicates the prevalence of liabilities positions.

38 The disclosure relating to the Sovereign exposures here reported refers to the regulatory consolidation scope, which is determined according to the prudential regulations and, while maintaining a general alignment, differs, with regard to the methods applied, from the consolidation scope of the Consolidated Financial Statements, which is instead determined according to the IAS/IFRS standards.
It should also be noted that this information may differ from that relating to Sovereign exposures required in other reports with statistical (Financial Reporting - FINREP) and prudential (Common Reporting - CoRep) purposes, due to the different rules applicable according to the various regulations in force.
39 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.

Credit risk

The weighted duration of the sovereign bonds shown in the table above, divided by the banking[40] and trading book, is the following:

Weighted duration

(years)

	BANKING BOOK	TRADING BOOK	
		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 was 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)

(€ million)

	AMOUNTS AS AT 12.31.2021				
	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%	34.63%	77.62%	9.01%	16.47%

40 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.

Credit risk

In addition to the exposures to sovereign debt securities, loans[41] 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

(€ million)

	AMOUNTS AS AT 12.31.2021
COUNTRY	BOOK VALUE
- Austria(*)	7,222
- Italy	6,506
- Germany(**)	4,726
- Croatia	2,607
- Qatar	621
- Slovakia	242
- Egypt	240
- Kenya	238
- Hungary(***)	221
- Turkey	216
- Slovenia	206
- Bulgaria	179
- Bosnia and Herzegovina	170
- Czech Republic	168
- Indonesia	160
- Trinidad and Tobago	133
Total on-balance sheet exposures	**23,855**

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.

For more details on the sensitivity analysis of credit spreads and on the results of stress tests see the "Pandemic Scenario" and "Pandemic & Sovereign Tensions" scenarios in the Notes to the consolidated accounts of the Consolidated financial statements as at 31 December 2021 - Part E - Section 2.2 - Market risk - chapter Stress test, while for liquidity management policies refer to Section 2.4 - Liquidity risk.

41 Tax items are not included.

Market risk

Exposure and use of internal models

Risk measures

Link between market risk metrics and balance sheet items

The table below shows the linkages between items in the balance sheet of the Group's consolidated position that are subject to market risk and the most relevant metrics used for monitoring purpose. HFT Assets and Liabilities are mainly monitored through VaR/SVaR/IRC. In addition, granular market limits for most relevant sensitivities/exposures are defined and regularly monitored. Other Assets and Liabilities, though managed with different risk metrics (sensitivity to Interest Rates, Credit spread, FX, Equity, etc. further to parameters which are typical of the Banking book such as NII and Economic Value analysis), are in some cases (namely FVtPL and FVtOCI items) managed and monitored through VaR. Furthermore, even when not specified below, interest rate risk of Banking book is anyway covered under Interest Rate Risk of Banking book Framework.

(€ million)

	END OF DECEMBER 2021				SENSITIVITY
MARKET RISK RELEVANT ASSETS	BOOK VALUE	VaR PERIMETER(1)	OTHER RISK MEASURES(2)		
10. Cash and cash balances	107,407	-	107,407		FX(4) IR
20. Financial assets at fair value through profit or loss:	92,239	-	12,517		FX EQ CS IR
a) financial assets held for trading	80,109	79,722	387	(3)	FX EQ CS IR
b) financial assets designated at fair value	279	-	279		FX EQ CS IR
c) other financial assets mandatorily at fair value	11,851	-	11,851		FX EQ CS IR
30. Financial assets at fair value through other comprehensive income	68,564	-	68,564		FX EQ CS IR
40. Financial assets at amortised cost:	593,618	-	593,618		FX CS IR
a) loans and advances to banks	91,403	-	91,403		FX CS IR
b) loans and advances to customers	502,215	-	502,215		FX CS IR
50. Hedging derivatives	3,065	-	3,065		FX IR
60. Changes in fair value of portfolio hedged items (+/-)	1,511	-	1,511		*Not relevant*
70. Equity investments	4,073	-	4,073		*Not relevant*
90. Property, plant and equipment	8,911	-	8,911		*Not relevant*
100. Intangible assets	2,213	-	2,213		*Not relevant*
110. Tax assets:	13,552	-	13,552		*Not relevant*
120. Non-current assets and disposal groups classified as held for sale	14,287	-	14,287		*Not relevant*
130. Other assets	7,231	-	7,231		*Not relevant*
Total Asset Market Risk Relevant	**916,671**	**79,722**	**836,949**		

(€ million)

	END OF DECEMBER 2021				SENSITIVITY
MARKET RISK RELEVANT LIABILITIES	BOOK VALUE	VaR PERIMETER(1)	OTHER RISK MEASURES(2)		
10. Financial liabilities at amortised cost:	(761,023)	-	(761,023)		FX
a) deposits from banks	(162,571)	-	(162,571)		FX
b) deposits from customers	(502,554)	-	(502,554)		FX
c) debt securities in issue	(95,898)	-	(95,898)		FX
20. Financial liabilities held for trading	(51,608)	(51,089)	(519)	(3)	FX EQ CS IR
30. Financial liabilities designated at fair value	(9,556)	-	(9,556)		FX EQ CS IR
40. Hedging derivatives	(4,303)	-	(4,303)		FX IR
50. Value adjustment of hedged financial liabilities (+/-)	(963)	-	(963)		*Not relevant*
60. Tax liabilities:	(1,215)	-	(1,215)		*Not relevant*
70. Liabilities associated with assets classified as held for sale	(2,149)	-	(2,149)		*Not relevant*
80. Other liabilities	(13,301)	-	(13,301)		*Not relevant*
90. Provision for employee severance pay	(516)	-	(516)		FX CS IR
100. Provisions for risks and charges:	(9,944)	-	(9,944)		FX CS IR(5)
Total Liabilities Market Risk Relevant	**(854,578)**	**(51,089)**	**(803,489)**		

Notes:
1. VaR Perimeter: main risk metric is VaR;
2. Other risk measure: main risk metrics are sensitivity to different risk factors;
3. Financial assets/liabilities held for trading classified as Banking book (MtM);
4. Fx risk arising from Cash Positions is included in VaR computation in agreement with approved IMA scope;
5. Pensions and other post-retirement benefit obligations only.

Market risk

RWEAs

Shown below are summary tables about Market risk RWEAs under I-mod (table MR2-A, MR2-B and MR3) reporting the values (maximum, minimum, average and at the end of December 2021) resulting from approved models used for computing the regulatory capital charge at the Group level.

Templates EU MR2-A/EU MR2-B: the RWEAs increase with respect of the third quarter in 2021 is mainly driven by Commodity risk in the trading book of UniCredit Bank AG, reflecting an increase of volatility in the energy market, and by a higher exposure towards Republic of Italy in the trading book of UniCredit S.p.A.

Template EU MR3: 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.

Template EU MR2-A - Market risk under the Internal Model Approach (IMA)

(€ million)

		a	b
DESCRIPTION		RWEAs	OWN FUNDS REQUIREMENTS
1	**VaR (higher of values a and b)**	**837**	**67**
(a)	*Previous day's VaR*		*29*
(b)	*Average of the daily VaR during the preceding 60 business days x multiplication factor*		*67*
2	**SVaR (higher of values a and b)**	**3,101**	**248**
(a)	*Latest SVaR*		*109*
(b)	*Average of the SVaR during the preceding 60 business days x multiplication factor*		*248*
3	**IRC (higher of values a and b)**	**1,738**	**139**
(a)	*Most recent IRC value*		*110*
(b)	*Average of the IRC number over the preceding 12 weeks*		*139*
4	**Comprehensive risk measure (higher of values a, b and c)**	**-**	**-**
(a)	*Most recent risk number for the correlation trading portfolio*		-
(b)	*Average of the risk number for the correlation trading portfolio over the preceding 12 weeks*		-
(c)	8% of the own funds requirement in the SA on the most recent risk number for the correlation trading portfolio		-
5	**Other**	**-**	**-**
6	**Total as at 12.31.2021**	**5,676**	**454**
	Total as at 06.30.2021	**5,196**	**416**

Template EU MR2-B - RWEA flow statements of market risk exposures under the IMA

(€ million)

		a	b	c	d	e	f	g
DESCRIPTION		VaR	SVaR	IRC	COMPREHENSIVE RISK MEASURE	OTHER	TOTAL RWEAs	TOTAL OWN FUNDS REQUIREMENTS
1	**RWEAs as at 09.30.2021**	**690**	**2,293**	**1,512**	**-**	**-**	**4,495**	**360**
1a	*Regulatory adjustment*	*(471)*	*(1,540)*	*(93)*	-	-	*(2,104)*	*(168)*
1b	*RWEAs as at 09.30.2021 (end of the day)*	*219*	*753*	*1,419*	-	-	*2,391*	*191*
2	Movement in risk levels	149	612	(38)	-	-	723	58
3	Model updates/changes	-	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-	-
7	Other	-	-	-	-	-	-	-
8a	*RWEAs as at 12.31.2021 (end of the day)*	*368*	*1,365*	*1,381*	-	-	*3,114*	*249*
8b	*Regulatory adjustment*	*469*	*1,736*	*358*	-	-	*2,563*	*205*
8	**RWEAs as at 12.31.2021**	**837**	**3,101**	**1,738**	**-**	**-**	**5,676**	**454**

Note:
The amount reported in row 2 and 3 explains the change in the RWEAs shows in row 1b and 8a.

Market risk

Template EU MR3 - IMA values for trading portfolios

(€ million)

	DESCRIPTION	JULY-DECEMBER 2021	JANUARY-JUNE 2021
VaR (10 DAY 99%)			
1	Maximum value	32	63
2	Average value	20	25
3	Minimum value	14	14
4	Period end	29	19
SVaR (10 DAY 99%)			
5	Maximum value	106	81
6	Average value	71	68
7	Minimum value	55	55
8	Period end	109	67
IRC (99.9%)			
9	Maximum value	184	189
10	Average value	131	170
11	Minimum value	108	156
12	Period end	110	165
Comprehensive risk capital charge (99.9%)			
13	Maximum value	-	-
14	Average value	-	-
15	Minimum value	-	-
16	Period end	-	-

Market risk

Exposures to interest rate risk on positions not included in the trading book

General aspects, interest rate risk management processes and measurement methods

a) 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.

b) 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 return 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 authorized 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 servere stress scenarios from those expected and present by the market. The calibration and monitoring of stress test scenarios takes place at least annualy.

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 Audt functions ensure the adequacy and compliance with regulatory and internal regulations, at least with annual frequency.

c) 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.

d) 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;

Market risk

- 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.

e) 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 template.

f) 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.

g) 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.

h) The changes in the sensitivity of the Economic Value and of the interest margin in the second half of 2021, observable in the template EU IRRBB1, shown below, are mainly due to the following phenomena:
- increase in the volumes of hedging derivatives of modeled sight items (NMD) in UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria AG;
- steepening of EUR interest rate curve and increase of repo rate in Czech Republic.

i) 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 of 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).

j) The average repricing maturity assigned to non-maturity deposits is 2.2 years.

k) The longest repricing maturity assigned to non-maturity deposits is 20 years.

Market risk

The EU IRRBB1 template in the table below, contains the Interest rate risk exposure metrics on 31 December 2021 and 30 June 2021. For the descriptions of the scenarios refer to paragraph "i)" reported above.

Template EU IRRBB1 - Interest rate risks of non-trading book activities

(€ million)

		a	b	c	d
		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE NET INTEREST INCOME	
SUPERVISORY SHOCK SCENARIOS		12.31.2021	06.30.2021	12.31.2021	06.30.2021
1	Parallel up	(4,082)	(2,809)	771	849
2	Parallel down	77	(701)	(239)	(252)
3	Steepener	26	(422)		
4	Flattener	(948)	(847)		
5	Short rates up	(1,898)	(1,370)		
6	Short rates down	342	(191)		

The following template reflects the impact on the interest margin of the "Parallel up" scenario as of 31 December 2021 and 30 June 2021, broken down by the main currencies.

Template Sensitivity of the net interest income to the Parallel Up scenario

(€ million)

		a	b
		CHANGE OF THE NET INTEREST INCOME	
SCENARIO PER CURRENCY		12.31.2021	06.30.2021
1	Total	771	849
2	Euro	686	756
3	Czech Koruna	21	44
4	Croatian Kuna	40	48
5	Hungarian Forint	25	18
6	Other currencies	(0)	(18)

As of 31 December 2021, the sensitivity of the economic value of shareholders' equity to an instant parallel shift of interest rates of +200bps and -200bp, across all currencies, was respectively equal to -€3,875 million and -€33 million.

The following template reflects the impact on the economic value of the "+200bp" scenario as of 31 December 2021, broken down by the main currencies.

(€ million)

ECONOMIC VALUE BANKING BOOK INTEREST RATE RISK CURRENCY	+200 bps
Euro	(3,108)
Czech Koruna	(307)
Hungarian Forint	(103)
Croatian Kuna	(44)
United States Dollars	(24)
United Kingdom Pounds	(9)
Switzerland Francs	(59)
Japan Yen	9
Russian Ruble	(137)
Others	(93)
TOTAL	**(3,875)**

The above measures consider modelled maturity assumptions for balance sheet items with an expected profile different from the contractual one, for example mortgages, or with no specific time bucketing, such as sight items.

Market risk

(€ million)

BANKING BOOK INTEREST RATE RISK						
CURRENCY	+1BP LESS THAN 3 MONTH	+1BP 3 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 3 YEARS	+1BP 3 YEARS TO 10 YEARS	+1BP OVER 10 YEARS	TOTAL
Euro	(2.1)	0.5	(3.2)	(0.7)	(0.8)	(6.2)
Czech Koruna	(0.0)	(0.1)	(0.4)	(0.9)	0.1	(1.2)
Hungarian Forint	0.0	(0.0)	(0.2)	(0.3)	(0.0)	(0.5)
Croatian Kuna	(0.0)	(0.0)	(0.1)	0.1	(0.1)	(0.2)
United States Dollars	(0.0)	(0.0)	(0.1)	(0.1)	0.0	(0.2)
United Kingdom Pounds	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Switzerland Francs	0.0	(0.1)	(0.1)	(0.6)	(0.2)	(0.9)
Japan Yen	0.0	0.0	0.0	0.0	(0.0)	0.1
Russian Ruble	0.0	(0.1)	(0.1)	(0.5)	(0.0)	(0.7)
Others	0.0	(0.0)	(0.1)	(0.0)	(0.1)	(0.2)
TOTAL	**(2.1)**	**0.2**	**(4.3)**	**(2.8)**	**(1.1)**	**(10.1)**

The template above lists the economic value sensitivity for a parallel shift of +1 basis point of interest-rate curves. This sensitivity is calculated at Group level for a series of time-buckets and currencies.
Group exposure insists mainly on Euro curves. The highest exposure, with negative sign, is concentrated in the bucket 1Y-3Y.

Securitisation exposures

The Group acts as originator and sponsor of securitisations as well as investor, according to the definitions provided by Basel 3 and implemented in the CRR, subsequently updated with CRR2.

The Group as originator

The Group's origination consists of 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 buyer finances the purchase of the receivables portfolios by issuing bonds of varying seniority and transfers its issue proceeds[42] to the Group. 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 guarantee to bondholders, these transactions may include special types of credit enhancement, e.g. subordinated loans, financial guarantees, standby letters of credit or over-collateralization.

The Group's objectives when carrying out these transactions are usually the following:
- to originate securities that can be used to secure repos with Bank of Italy and the European Central Bank (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 improvement 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 toward 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, and synthetic securitisations which use financial guarantees or cash to purchase protection over all or part of the underlying 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.

The amount of loans securitized[43], net of transactions in which the Group has purchased all liabilities issued by the vehicles (so-called self-securitisations), accounts for 1.55% of the Group's total loan portfolio as at 31 December 2021. Self-securitisations account for 4.67% of the loan portfolio.

For more information on both traditional and synthetic securitisations originated by Group's legal entities during the year 2021 refer to the Part E of the Notes to the consolidated accounts, in the "C.1 Securitisation transactions - Developments of the period" paragraph.

A first Covered Bond (OBG - Obbligazioni Bancarie Garantite) Programme was launched in 2008 under the provisions of Italian Law 130/99. The underlying residential mortgage loans were transferred to an SPE set up for this purpose and included in the banking group.

Moreover, in order to create counterbalancing capacity, at the end of January 2012 UniCredit S.p.A. initiated a second Covered Bonds (OBG or Obbligazioni Bancarie Garantite) programme ("New OBG Programme"), without specific ratings and having residential mortgage loans and commercial mortgage loans as underlyings.
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.

42 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.
43 It is referred to loans sold, also synthetically, but not derecognised from the balance sheet.

Securitisation exposures

The first programme, guaranteed by UniCredit BpC Mortgage S.r.l., is characterised by a Soft Bullet method[44] 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[45] of reimbursement and is rated by Moody's (Aa3).
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.
At 31 December 2021 similar covered bonds under German, Austrian (Pfandbriefe), Czech and Hungarian law amounted to €28,061 million, of which €25,239 million were backed by mortgage loans and €2,822 million by loans to the public sector.

Accounting Policies - Derecognition
According to IFRS9, the derecognition is the removal of a previously recognised financial asset from an entity's balance sheet.

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 (true sale) 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 recognize 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 recognize the transferred asset(s). In this case it is necessary to recognize a liability corresponding to the amount received under the transfer and subsequently recognize all income accruing on the asset or expense accruing on the liability.

Under traditional securitisations, the Group assesses the derecognition of the portfolio in light of the risks and rewards retained and control on the underlying loan portfolio.

In particular, the originator performs the derecognition when:
- the originator had transferred basically all the risks and rewards; or
- the originator has not transferred neither retained substantially all the risks and rewards but transferred the control.

In the assessment of risks and benefits retained, all the exposures in form of securities, guarantees and receivables which the originator owns toward the SPV, are considered applying, if the case, specific models which assess its exposure to the variability of the cash flows before and after the transfer.
On the contrary, if such conditions are not met, the underlying credit portfolio is not derecognised and a financial liability is recognised for an amount equal to the risk kept.

Furtherly, under traditional securitisations the Group might keep 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.

For such transactions, retention by the Group of the first loss risk and the corresponding yield means that most of the risk and return on the portfolio is retained. Such transactions are recognised in the accounts as financings and no profits arising out of the transfer of the assets are recognised and the sold receivables are not derecognised.

Synthetic securitisations also entail retention of the receivables subject to credit default protection on the balance sheet. The swap is recognised in the accounts, as well as any other purchased interest.

44 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.
45 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.

Securitisation exposures

In this context, credit derivatives, under which the issuer must make agreed payments to indemnify the insured for an actual loss suffered as a result of a debtor's failure to pay a debt instrument at maturity, are classified as purchased financial guarantees.
As a consequence, the credit risk mitigation effects, associated with the purchase of protection, are taken into account when assessing the underlying receivables. Any premiums paid for the purchase of protection are classified as other assets and amortized in the income statement over the life of the contract.

Credit enhancement, in addition to the most subordinated tranches of each securitisation, can also consist in subordinated loans or deferred purchase prices (DPP).

The value of these instruments, in the case of traditional securitisations, is shown as a reduction in the value of liabilities associated with assets sold but not derecognised, while in the case of synthetic securitisations, credit enhancements are recognised as financial assets and valued according to their portfolio.

For the tables showing the features both of traditional (including self-securitisations) and synthetic securitisations originated by entities belonging to the Group and effective as at 31 December 2021 refer to Consolidated financial statements as at 31 December 2021 - Annex 3 - Securitisations - qualitative tables.

The Group as sponsor

UniCredit group has many years of experience in securitizing its assets, as well as in structuring securitisations for its customers (banks, financial firms, and businesses). In this context and with reference to trade receivables the Group acts as a sponsor of asset-backed commercial paper (ABCP) conduits.
UniCredit group has long been active in the market for the refinancing of its Clients' trade receivables, on both a recourse and a non-recourse basis, and has also acted for its Clients in structuring securitisations under the Italian securitisation legislation contained in Law 130/1999. The securitisation of trade receivables represents an important alternative way for businesses to obtain funding from the banking system. It often serves a complementary role to more traditional bank lending and is often more than competitive.
The Group set up as multi-seller customer conduits set-up for the sole purpose of financing selected core-clients of UniCredit giving them the access to the securitisation market at lower cost.
The legal and financial scheme that UniCredit group has used for securitisations of trade receivables under Law 130/1999 adheres to the standard structure under the legislation and has the following principal features: (i) stand-alone securitisation for a single client: each client has a separate securitisation conducted on a stand-alone basis, with its own specific structure and contractual documentation; (ii) receivables are assigned directly to the SPV: the client agrees to assign, on an ongoing and non-recourse basis, the receivables that satisfy particular eligibility criteria, to a second level special-purpose securitisation vehicle that has been incorporated pursuant to Law 130/1999 (each Purchase Company, "PC") and which typically is available only for the particular transaction; (iii) issuance of the notes: In order to obtain the funds necessary to pay the purchase price for such receivables, the relevant SPV issues a series of notes pursuant to Law 130/1999, divided into two or more tranches, with different degrees of subordination (senior and junior notes, where there are two tranches, or senior, junior and mezzanine notes, where there are more tranches); (iv) subscription of the notes: senior notes are subscribed within the conduit programme sponsored by UniCredit Bank AG known as "Arabella" through the issuance of Commercial Papers Notes while junior notes (and the mezzanine notes, where issued) are subscribed by specialist professional investors and/or by the client.
Payment of interests and redemption of the securities issued by the conduit depends on cash flow from the receivables purchased (credit risk) and the ability of the conduit to roll over its market funding on maturity (liquidity risk).
Starting from the second half of 2007, investor appetite for the securities issued by these conduits declined significantly; as a consequence, the Group directly purchased part of the outstanding commercial paper.
On 31 December 2021 the notes retained by UniCredit Bank AG amount to €1.9 billion.
Due to the activity performed, the Group bears most of the risk and receives most of the return on conduit business and also has control of the conduits. Consequently, as required by IFRS10, the Group have consolidated the above-mentioned SPVs.

Adopting the line-by-line consolidation method, the following items are recognised in the consolidated accounts:
- assets held by consolidated vehicles in place of the loans provided to them or the liabilities subscribed by Group companies, now eliminated on consolidation;
- loans to purchase companies for non-consolidated subordinated vehicles.

With respect to non-consolidated Purchase companies, the Consolidated financial statements, while not including the assets recorded in their books, show the maximum amount of the risk borne by the Group which, with respect to purchase companies wholly financed by the consolidated conduits, corresponds to the value of the assets of these purchase companies.
At regulatory point of view the risk is measured on liquidity facility provided to each purchase companies within the ABCP Conduit Programme.

Securitisation exposures

Conduit Program

At December 2021 the Conduit Program comprises one Customer Conduit: Arabella Finance.
The Conduit program business aims to finance the clients through the purchase of their portfolio by second level vehicles (Purchase Companies) financing them by the issuance of ABCP. Following the restructuring of Conduit Program took place on 2012, UniCredit Bank AG grants full support facilities directly to each Purchase Company. Each Liquidity facility has to be available to cover in full the payment of the principal amount and the interests on the ABCP: the amount of this liquidity support has to be at least 102% of the underlying asset purchase commitment, covering both liquidity and credit risk. Arabella has no exposure to mark-to-market risk as investments in arbitrage products and ABS Security are not permitted.

Under a regulatory perspective, Risk Weighted Exposure Amounts quantification for Arabella is realized through the application of the Internal Assessment Approach (IAA) or of the SEC-CA, according to the regulation in force for exposures related to ABCP Conduit Programs (CRR)[46] updated by Regulation (EU) of the European Parliament and of the Council 2401/2017 on prudential requirements for credit institutions and investment firms entered in force starting from 1 January 2019 only for the new securitisation transactions starting from this date and from 1 January 2020 for all the outstanding securitisation transactions.

Arabella Finance

Arabella is a multi-seller customer conduit with two separate legal entities: Arabella Finance DAC Dublin in Europe and Arabella Finance LLC Delaware in the US.
The underlying portfolio of Arabella is constituted mainly by Trade receivables (65%), Car Leases (21%), Car residual values (10%) Consumer Loans (3%) and a small portion of Equipment Lease (1%). The majority of assets are concentrated in Germany (41%), Italy (26%) and Switzerland (13%).

As at 31 December 2021 the total portfolio is composed by 37 Pools (the same as at December 2020) and total amount is €4.8 billion. The total Committed liquidity activities amount is €5.5 billion.

The ABCP issued as at 31 December 2021 amount to €4.8 billion (from €5.1 billion as at 31 December 2020), of which €1.9 billion were purchased by UniCredit Bank AG and the remaining placed on the market.

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 (both Simple, Transparent, Standardised - STS and non-STS) 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.

46 UniCredit Bank AG has continuously retained a material net economic interest in the CP Program of at least 5% pursuant to the new regulation on securitisations Regulation (EU) 2017/2402.

Securitisation exposures

Any interests acquired are financial assets classified in one of the portfolios provided for by the applicable international accounting standard, depending on the nature of the contract and the purpose for which they are acquired. These assets are therefore evaluated according to the portfolio in which they are classified, on the basis of the performance of the underlying portfolio and taking account of their tranching. These exposures are therefore measured at amortised cost less cumulated impairment in case they are classified in the portfolio "financial assets at amortised cost", at fair value recognizing the differences in fair value through profit or loss in case these exposures are classified as "financial assets held for trading", "financial assets designated at fair value" or "financial assets mandatorily at fair value", at fair value recognizing the differences in fair value through other comprehensive income in case these exposures are classified as "financial assets at fair value through other comprehensive income".

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.

At the end of December 2021, the Group has not provided financial support to any non-consolidated securitisation vehicle in absence of contractual obligation to do so. Moreover, the Group has not the current intention to provide such support.
The Group does not provide securitisation-related services (such as advisory, asset servicing or management services) to securitisation special purpose entities other than those which acquire exposures originated and those which are sponsored or consolidated by the Group.

Finally, it should be noted that there are no exposures in Asset Backed Securities as at 31 December 2021 related to re-securitisation exposures, i.e. transactions in which at least one of the underlying assets is in turn a securitisation position.

Securitisation exposures

The following tables show the information required by CRR2 article 449 (d), (e) and (f).

Securitisation Special Purpose Entities (SSPE) which acquire exposures originated by the institution

NAME OF THE ENTITY	TYPES OF EXPOSURES	INCLUDED IN THE INSTITUTION' REGULATORY SCOPE OF CONSOLIDATION	LEGAL ENTITY AFFILIATED WITH THE INSTITUTION THAT PROVIDES SUPPORT (*)
Capital Mortgage S.r.l. - CAP. MORTGAGE 2007 - 1	Debt securities Loans Derivative contracts	Yes	-
Cordusio RMBS - UCFin S.r.l.	Debt securities Loans Derivative contracts	Yes	-
Cordusio RMBS Securitisation S.r.l.	Debt securities Loans	Yes	-
F-E Mortgages S.r.l. - 2003	Debt securities Loans	Yes	-
F-E Mortgages S.r.l. - 2005	Debt securities Loans	Yes	-
SUCCESS 2015 B.V.	Debt securities Loans	Yes	-
FINO 1 SECURITISATION S.r.l.	Debt securities Loans	No	-
FINO 2 SECURITISATION S.r.l.	Debt securities Loans	No	-
OLYMPIA SPV S.r.l.	Debt securities Loans	No	-
ONIF FINANCE S.r.l.	Debt securities	No	-
Pillarstone Italy SPV S.r.l. - Premuda	Debt securities Loans	No	-
Pillarstone Italy SPV S.r.l. - Rainbow	Debt securities	No	-
PRISMA SPV S.r.l.	Debt securities Loans	No	-
RELAIS SPV S.r.l.	Debt securities Loans	No	-
YANEZ SPV S.r.l. - Sandokan	Debt securities Loans	No	-
YANEZ SPV S.r.l. - Sandokan 2	Debt securities Loans	No	-

Note:
(*) For the notion of support refer to CRR article 248.

It should be noted that the exposure type "Loans" includes the excess spread accrued but not yet settled by the Special Purpose Entity, if any.

Securitisation exposures

Securitisation Special Purpose Entities (SSPE) sponsored by the institution

NAME OF THE ENTITY	TYPES OF EXPOSURES	INCLUDED IN THE INSTITUTION' REGULATORY SCOPE OF CONSOLIDATION	LEGAL ENTITY AFFILIATED WITH THE INSTITUTION THAT PROVIDES SUPPORT (*)
Arabella Finance DAC	Debt securities (ABCP) Derivative contracts Credit line	Yes	-
Elektra Purchase No. 28 DAC	Credit line	Yes	-
Elektra Purchase No. 31 DAC	Credit line	Yes	-
Elektra Purchase No. 32 S.A. - Compartment 1	Credit line	Yes	-
Elektra Purchase No. 33 DAC	Credit line	Yes	-
Elektra Purchase No. 36 DAC	Credit line	Yes	-
Elektra Purchase No. 37 DAC	Credit line	Yes	-
Elektra Purchase No. 38 DAC	Credit line	Yes	-
Elektra Purchase No. 43 DAC	Credit line	Yes	-
Elektra Purchase No. 46 DAC	Credit line	Yes	-
Elektra Purchase No. 54 DAC	Credit line	Yes	-
Elektra Purchase No. 56 DAC	Credit line	Yes	-
Elektra Purchase No. 57 DAC	Loans Credit line	Yes	-
Elektra Purchase No. 64 DAC	Credit line	Yes	-
Elektra Purchase No. 69 DAC	Credit line	Yes	-
Elektra Purchase No. 71 DAC	Credit line	Yes	-
Elektra Purchase No. 74 DAC	Credit line	Yes	-
Elektra Purchase No. 911 Ltd	Credit line	Yes	-
Elektra Purchase No. 8 Limited	Credit line	No	-
Elektra Purchase 17 S.A. RE COMPARTMENT 14	Credit line	No	-
Elektra Purchase No. 17 S.A. (Re Compartment 18)	Credit line	No	-
Elektra Purchase No. 25 DAC	Credit line	No	-
Elektra Purchase No. 29 DAC	Credit line	No	-
Elektra Purchase No. 41 DAC	Credit line	No	-
Elektra Purchase No. 45 DAC	Credit line	No	-
Elektra Purchase No. 60 DAC	Credit line	No	-
Elektra Purchase No. 61 DAC	Credit line	No	-
Elektra Purchase No. 62 DAC	Credit line	No	-
Elektra Purchase No. 65 DAC	Credit line	No	-
Elektra Purchase No. 66 DAC	Credit line	No	-
Elektra Purchase No. 67 DAC	Credit line	No	-
Elektra Purchase No. 68 DAC	Credit line	No	-
Elektra Purchase No. 70 DAC	Credit line	No	-
Elektra Purchase No. 72 DAC	Credit line	No	-
Elektra Purchase No. 73 DAC	Credit line	No	-
Elektra Purchase No. 75 DAC	Credit line	No	-

Note:
(*) For the notion of support refer to CRR article 248.

Securitisation exposures

Legal entities affiliated with the institution and that invest in securitisations originated by the institution or in securitisation positions issued by SSPEs sponsored by the institution

NAME OF THE ENTITY	SECURITISATIONS ORIGINATED BY THE INSTITUTION IN WHICH THE ENTITY INVESTS	SECURITISATIONS SPONSORED BY THE INSTITUTION IN WHICH THE ENTITY INVESTS
UniCredit Bank AG	Capital Mortgage S.r.l. - CAP. MORTGAGE 2007 - 1	Arabella Finance DAC
	Cordusio RMBS - UCFin S.r.l	Elektra Purchase No. 28 DAC
	Cordusio RMBS Securitisation S.r.l.	Elektra Purchase No. 31 DAC
	F-E Mortgages S.r.l. - 2005	Elektra Purchase No. 32 S.A. - Compartment 1
	PRISMA SPV S.r.l.	Elektra Purchase No. 33 DAC
	RELAIS SPV S.r.l.	Elektra Purchase No. 36 DAC
	OLYMPIA SPV S.R.L.	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
		Elektra Purchase No. 8 Limited
		Elektra Purchase 17 S.A. RE COMPARTMENT 14
		Elektra Purchase No. 17 S.A. (Re Compartment 18)
		Elektra Purchase No. 25 DAC
		Elektra Purchase No. 29 DAC
		Elektra Purchase No. 41 DAC
		Elektra Purchase No. 45 DAC
		Elektra Purchase No. 60 DAC
		Elektra Purchase No. 61 DAC
		Elektra Purchase No. 62 DAC
		Elektra Purchase No. 65 DAC
		Elektra Purchase No. 66 DAC
		Elektra Purchase No. 67 DAC
		Elektra Purchase No. 68 DAC
		Elektra Purchase No. 70 DAC
		Elektra Purchase No. 72 DAC
		Elektra Purchase No. 73 DAC
		Elektra Purchase No. 75 DAC

Securitisation exposures

The methods of calculation of the risk weighted exposures amounts used by the bank for securitisations

According to the definition provided by CRR Regulation (and the subsequent amendments) the securitisation is “a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having both of the following characteristics: a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; c) the transaction or scheme does not create exposures which possess all of the characteristics listed in article 147(8) of CRR”.

Securitisation is an important element of well-functioning financial markets as is an important channel for diversifying funding sources and bank’s risk generating regulatory capital that can be allocated to further lending to the economy.
In recent years, the securitisation market has been heavily impacted by the numerous regulations that led the banks to review all the framework for the application of healthy, prudent, and transparent rules. These rules were included in the Regulation (EU) 2017/2401 and Regulation (EU) 2017/2402 of 12 December 2017 that amend CRR Regulation.
The new securitisation framework, in force since 1 January 2019, defines the criteria to identify simple, transparent, and standardised (“STS”) securitisations and a system of supervision to monitor the correct application of those criteria by originators, sponsors, issuers and institutional investors. Furthermore, that regulation provides for the methods of regulatory capital requirement calculation, a set of common requirements on risk retention, due diligence, and disclosure for all financial services sectors.

In the current economic context, with the aim to mitigate the Covid-19 pandemic effects, the European Commission has adopted various measures in order to contribute to economic recovery in Europe through the securitisations. Among the several measures proposed many actions have been taken with regard the Non Performing securitisations (NPL) for which a dedicated prudential treatment of Senior Note has been set out.
In this overall framework the Guarantee on Securitisation of Non-Performing Loans (GACS) provided by Ministero delle Economia e Finanze (MEF) plays a key role in facing the huge number of Non Performing exposures in the balance sheet of the banks and in facilitating their disposal.
It is a guarantee that the MEF lends to banks and refer to only the senior tranches of securitisations, namely, the more secure tranches that support the least likely losses from less-than-expected credit recovery.

Securitisations affect banks’ balance sheets, whether they are sellers of assets or risks, or acquire the securities issued by third party vehicle. In particular, the originator may, subject to certain conditions listed in the regulations, excludes securitized assets from capital requirements and, if IRB methods are available, the expected losses as well.

The calculation methodologies for regulatory capital requirements on securitization instruments have been subject to amendments in accordance with the new Regulation (EU) 2017/2401 that has introduced a new hierarchy of regulatory approaches to be adopted: SEC-IRBA, SEC-SA. SEC-ERBA and 1250% allowing the possibility to change the order of approaches application. As of now UniCredit group has notified to the competent authority to use the SEC-ERBA instead of SEC-SA for all rated securitisation positions. For the calculation of regulatory capital requirements where UniCredit is able to use an internal method approach based (“IRB”) the SEC-IRBA is applied otherwise for the securitisation position that have an external rating the approach to be used is SEC-ERBA. When the first two approaches are not available, UniCredit calculates its capital requirement adopting the standardised Approach SEC-SA.
While SEC-IRBA and SEC-SA require the adoption of an ad hoc formula for regulatory capital requirements calculation, for the SEC-ERBA the risk weight is assigned to securitisation tranches based on their external rating provided by ECAI (External Credit Assessment Institution). The representation shown in the following templates, used for the application of the SEC-ERBA, is different for STS and no-STS securitisation.

The following risk weights are those applied to no STS securitisation according to the SEC-ERBA.

Securitisation exposures

Template 1 - Securitisation positions

CREDIT QUALITY STEP	SENIOR TRANCHE		NON SENIOR (THIN) TRANCHE	
	TRANCHE MATURITY (M_T)		TRANCHE MATURITY (M_T)	
	1 year	5 years	1 year	5 years
1	15%	20%	15%	70%
2	15%	30%	15%	90%
3	25%	40%	30%	120%
4	30%	45%	40%	140%
5	40%	50%	60%	160%
6	50%	65%	80%	180%
7	60%	70%	120%	210%
8	75%	90%	170%	260%
9	90%	105%	220%	310%
10	120%	140%	330%	420%
11	140%	160%	470%	580%
12	160%	180%	620%	760%
13	200%	225%	750%	860%
14	250%	280%	900%	950%
15	310%	340%	1050%	1050%
16	380%	420%	1130%	1130%
17	460%	505%	1250%	1250%
All other	1250%	1250%	1250%	1250%

The following risk weights are those applied to STS securitisation according to the SEC-ERBA.

Template 2 - Securitisation positions

CREDIT QUALITY STEP	SENIOR TRANCHE		NON SENIOR (THIN) TRANCHE	
	TRANCHE MATURITY (M_T)		TRANCHE MATURITY (M_T)	
	1 year	5 years	1 year	5 years
1	10%	10%	15%	40%
2	10%	15%	15%	55%
3	15%	20%	10%	70%
4	15%	25%	25%	80%
5	20%	30%	35%	95%
6	30%	40%	60%	135%
7	35%	70%	95%	170%
8	45%	90%	150%	225%
9	55%	105%	180%	255%
10	70%	140%	270%	345%
11	120%	160%	405%	500%
12	135%	180%	535%	655%
13	170%	225%	645%	740%
14	225%	280%	810%	855%
15	280%	340%	945%	945%
16	340%	420%	1015%	1015%
17	415%	505%	1250%	1250%
All other	1250%	1250%	1250%	1250%

Securitisation exposures

Internal Assessment Approach ("IAA")

UniCredit calculates a risk weight based on the internal assessment approach ("IAA") for unrated securitisation positions which are related to Asset-Backed Commercial Papers (ABCP) programs.

The model output according to this approach are used for various purposes such as regulatory risk calculation, expected loss and economic capital calculation, credit decisions as well as in the monitoring process.
The model IAA was developed by replicating the approach of the rating agencies, which assigns a rating to the credit liquidity lines and derivatives provided by UniCredit Bank AG in order to support the issuing of ABCP by the conduit.
In line with regulatory requirements, the model is differentiated according to the type of the exposure underlying the securitisation operation.
Currently the following IAA models are in place:

- Trade Receivables used for trade, consumer and healthcare receivables;
- Loans and Leases used for auto loans/leases, unsecured consumer and small business loans, and equipment leases;
- "Blended LIQ rating" used to evaluate the risk of the programme-wide exposures.

The asset-specific sub-models consist of a quantitative module which aims to quantify the potential loss to the transaction (virtual tranching) and a qualitative module which determines an up notch/down notch factor due to additional, not-quantifiable aspects. Given the qualitative factor the virtual tranching is adjusted upwards or downwards, respectively.

For the quantitative module the following principal methodologies are used according to the type of underlying exposure:

- "Reserve based" approach: typically used for assets with a short to maturity like trade/consumer receivables. For this type of transactions, a point in time valuation is carried out in order to determine the expected loss of the underlying assets;
- "Cashflow-based" approach: typically used for medium-term asset portfolios of loans and leases. The evaluation of the assets is based on modelling of the expected cash flows to determine the loss at the end of the transaction's life.

The qualitative module was developed mainly on the basis of the expert opinion.

The "Blended LIQ rating" tool derives the rating of the programme-wide facilities from the exposure-weighted average rating of the underlying transactions. As the liquidity facilities are provided on the transaction level, the credit risk of the programme-wide facilities is fully reflected in the transaction-specific ratings, i.e. the credit risk of the programme-wide facilities cannot be larger that this of the underlying transactions.

The model rating assignment process foresees three actors: business unit, risk unit (responsible credit analyst - "RCA" and deputy credit analyst - "DCA") and model development unit.

The rating assignment process can be summarized in the following macro steps:

- the business together with the RCA ensures that the IAA eligibility requirements are fulfilled;
- the RCA in coordination with the business unit selects the proper IAA model on the basis of the applicability criteria described in the working guideline;
- in case of new transactions the model applicability has to be confirmed by the model development unit, unless the new transaction is in any aspect identical to other existing transaction which is currently rated with the same IAA rating model;
- RCA fills the model input (supported by the working guidelines) and proposes the rating for the approval (no override is allowed). The rating is shared with business; in case the business unit raises objections to the rating result, the rating decision is escalated in line with the policies and guidelines applicable in force;
- DCA checks the model inputs for completeness and correctness. If the rating was carried out properly, the DCA approves the rating (no override is allowed). In case the rating was not carried out properly, a new rating for approval is requested. The four eyes principle is ensured since it is technically checked that the RCA and DCA are two different persons;
- business unit agrees on the final rating and enter the results to the risk engine. RCA verifies the correctness of the data entry;
- the approved rating has to be attached to the credit request.

Second level controls performed by local validation function of UniCredit Bank AG, in co-ordination with Group Internal Validation, are made by two main areas of assessment:

- Model validation (model design and performance);
- Process validation (usage, technical implementation, reporting & model evolution).

Securitisation exposures

The model is reviewed on a regular basis in line with the Group Internal Validation Policy. In July 2018, a full-ongoing validation performed by UCB AG confirmed that, in general, both methodological background and processes are suitable. Follow-up validation activities in 2019, 2020 and 2021 focusing mainly on selected model validation topics confirmed that all addressed deficiencies were adequately remediated and resulted in an adequate assessment

Here below the recent overall portfolio amount covers by IAA model ratings, compared with the last period available.

(€ million)

EXPOSURE TYPE	EXPOSURE AS AT 12.31.2021	EXPOSURE AS AT 12.31.2020	EXPOSURE AS AT 12.31.2019
Letter of credit	-	-	-
Liquidity facility	5,865	5,087	5,993
Currency & Interest rate Swap (*)	42	45	46
TOTAL	**5,907**	**5,132**	**6,039**

Note:
(*) The exposure was calculated as the current market value plus add-on.

The IAA compliant model replicates the published asset-specific rating criteria and methodology of ECAIs; the stressed factors taken into account by each model are reported below:

- Trade Receivables (Model Type - Reserve requirement test):
  - Credit Loss reserve;
  - Dilution reserve;
  - Concentration loss reserve;
  - Carrying cost reserve;
  - Commingling reserve;
  - Fx reserve;
- Loans and Leases (Model Type - Cash flow model):
  - Default rate;
  - Recovery rate;
  - Residual value;
  - Prepayments;
  - Commingling of cash;
  - Servicer fee;
  - Interest rate.

The above-mentioned factors are stressed in a quantitative rating for each tranche, a rating adjustment is determined by a qualitative module.

Calculation of regulatory requirement: SEC-IRBA, SEC-ERBA and SEC-SA approaches

For securitisation transactions originated by the Group (excluding self-securitisation), the Group quarterly performs the calculation of the risk weighted amount of the exposure towards securitisations transactions, according to the CRR.
If the Bank has the permission to apply the Internal Ratings Based Approach ("IRB") on the underlying of the securitisation and it is able to calculate the regulatory capital requirements as if this had not been securitised ("K irb"), SEC-IRBA approach is applied.
Where the Bank cannot use SEC-IRBA, if the securitisation is externally rated the approach to be applied is SEC-ERBA otherwise SEC-SA which relies on a formula that has as input the Standardised Approach parameters used for the credit risk calculation as the portfolio had not been securitised ("K SA").

As at 31 December 2021 No.38 transactions, of which No.31 as synthetic securitisations and No.7 as true sale securitisations, are recognised for risk transfer obtaining benefit in terms of regulatory capital.

The synthetic securitisations originated by UniCredit S.p.A. on performing portfolio are Agribond, Agribond 2, Bond Italia 1 Investimenti, Bond Italia 2 Investimenti, Bond Italia 3 Investimenti, Bond Italia 3 Misto, Bond Italia 4 Investimenti, Bond Italia 4 Misto, Bond Italia 5 Investimenti, Bond Italia 5 Misto, Bond Italia 5 BIS, Bond Italia 6 Investimenti, Bond Italia 6 Misto, Bond Italia 7, Bond Italia 8 Investimenti, Bond Italia 8 Misto, Bond del Mezzogiorno, Bond del Mezzogiorno 2, FinPiemonte, FI.L.S.E. Liguria, UniCredit A.R.T.S. - Italian Mid Cap 2015-2, UniCredit A.R.T.S. - Italian Mid Cap 2016-1, UniCredit A.R.T.S. - Italian Mid Cap 2016-2, UniCredit A.R.T.S. - Italian Mid Cap 2021, A.R.T.S. Re.Mo. 2021, Puglia Sviluppo 1, Puglia Sviluppo 2021, SardaFidi, EASI Microcredito, EASI Microcredito 2 and ACT Toscana.

EIF Jeremie is a synthetic securitisation originated by UniCredit Bulbank AD.

Securitisation exposures

The True sale transactions originated by UniCredit S.p.A. on non-performing portfolio are FINO1 Securitisation S.r.l., FINO2 Securitisation S.r.l. ONIF Finance S.r.l. and PRISMA S.r.l. and Olympia Spv S.r.l. On a performing portfolio only Basket Bond Puglia was structured during 2020.

Relais SPV S.r.l. is a true sale securitisation originated by UniCredit Leasing S.p.A. on Non performing leasing receivables.

On 2021 the transactions: Bond Italia 1 Mix e Bond Italia 2 Mix, SME Initiative, Federconfidi and Federasconfidi are no more recognised for risk transfer purpose.
During 2021 no securitisation originated or structured by Group meet the requirements foreseen Regulation (EU) 2017/2402, article 242, point 10 and article 18 referred to simple, transparent and standardised securitisations.

In accordance with CRR and the subsequent amendments (Regulation (EU) 2017/2401 and 2017/2402), the Group evaluates the Significant Risk Transfer ("SRT") through the Mezzanine/Junior test, commensurate test and verifying the absence of the contractual conditions that could affect the recognition of the SRT. In order to verify the commensurateness test, the Group has adopted an internal method that compares two indicators to demonstrate that the own fund requirement reduction obtained through the securitisation is equivalent to the risk transferred to third parties. The transactions that do not meet the Significant Risk Transfer tests are excluded from the Securitisation Framework losing the regulatory capital requirements benefits.
In order to support the evidences arising from the comparison of regulatory requirements related to securitisation transactions, as stated above, Group Risk Management set up an ad hoc credit process to analyse, monitor and control the aforementioned transactions in order to confirm the compliance with the qualitative and quantitative requirements set by the CRR (and subsequent amendments), as well as the Public Guidance on the "Recognition of Significant Credit Risk Transfer" issued on 24 March 2016 by the European Central Bank.

In particular, the transactions are analysed in order to verify:
- the obligation of the originator (or sponsor) to retain a portion of risk in the securitisation transaction in order to ensure the absences of interests' misalignment between the originator and the final investor;
- the absence of potential connections between the originator and the final investor that could be considered as economic support;
- the eligibility of guarantee obtained by third parties;
- the absence of contractual clauses that could be affect the SRT;
- that the internal risk measures support the regulatory evidences obtained.

Securitisation portfolio is subject to a quarterly monitoring process in order to check the portfolio performance and all the regulatory credit risk parameters that can affect the Significant Risk Transfer achieved, such as: the evolution of portfolio (amortization), the prepayment, the substitution and/or the replenishment. The size of these factors has to be constantly monitored as they can interfere with the persistence of the SRT.

For this reason, on a quarterly basis, the Group performs appropriate controls on the portfolios and on its components during all the life cycle of the transactions.

The securitisation transactions originated by the Group have been included within the Group portfolios in order to calculate the internal risk measures (for credit risk, market risk, interest rate risk and liquidity risk).
Regarding the net positions obtained based on the compensation principle application and allocated in the regulatory trading portfolio, starting from December 2011, the risk weighted exposures amount is calculated applying the prudential rules used for the banking portfolio (standardised or rating based methods). The capital requirement applied is the same and it is equal to 8% of risk-weighted exposures.
As regards the abovementioned portfolio, the Group operates a continuous monitoring of both the fair value and the economic value of securitisation portfolio.
For this purpose, in relation with the structured products portfolios in which the Group invests on IPV (Independent Price Validation) process has been approved and implemented to all the legal entities belonging to UniCredit group on a monthly basis. This process was implemented with the coordination of Group Risk Management function.
The IPV process aims at defining a proper evaluation and classification of securities according to the Fair Value level hierarchy. The hierarchy is split into 3 classes based on the progressive levels of reliability of the observed market prices. The evaluation model takes into account also the mark-to-model hypothesis and proxy whereas the prices seem opaque.
With reference to the carrying value and fair value as at 31 December 2021 of the potential reclassified ABS, it shall be referred to Consolidated financial statements, Part A - Accounting policies, Section A.3 - Information on transfers between portfolios of financial assets.

Securitisation exposures

Indication of the methods that the Group applies to securitisation activity for the management and mitigation of following risks

Liquidity risk
As regards the management of impacts generated by securitisation transactions that can affect the Group liquidity (hence the traditional securitisation and self-securitisations for which the Group acts as originator), UniCredit:
- monitors and includes the impacts of these positions on the basis of a mapping rule defined by internal regulations;
- verifies the eligibility of senior positions granted by the European Central Bank included in the Counterbalancing Capacity, evaluating them based on the price provided by European Central Bank and their haircuts;
- monitors and estimates the effects on the Group liquidity caused by possible rating downgrade of the notes or of the Group originato).

The Group can act as Swap counterparty, Account Bank and Servicer for its originated securitisations and for its OBG1 Program. For this aim the Group calculates the liquidity to be posted for the maintenance of these roles both in a base and in a stressed scenario. For the latter UniCredit simulates the rating downgrade of Group and/or of Italy in order to verify any additional liquidity.
As at 31 December 2021 no liquidity has been posted for the rating upgrade of UniCredit to BBB provided by Fitch. In case of stress scenario, the outflow is respectively €266 million for 1 notch and additional €39 million for 2 notches downgrades.

Interest Rate risk
As far as regards the management of interest rate risk of securitisation transactions originated by the Group, implied by the structure of interest rate swaps, the Group retains the interest rate profile of the securitized portfolio acting as a swap counterpart. The Group holds, calculates and monitors this risk as if the portfolio had not been securitized.
Concerning the management of interest rate risk of the positions for which the Group is investor or sponsor, they are usually included in the reference portfolio and managed according to standard Group procedures.

Currency risk
As far as regards the management of currency risk of securitisations transactions both in case of originator and investor positions, the Group holds an active role about the foreign exchange positions in several different currencies. The management of this risks is performed through the Cross Currency Swap (CCS) where one party pays variable or fixed amounts in a specified currency calculated on an established notional amount expressed in the same currency and a second party pays fixed or variable amounts calculated in another currency on the same notional amount converted. This instrument allows the hedging of long-term currency risks. Interest payments and notional amounts are exchanged to hedge against exchange rate fluctuations.

Credit risk
As far as regard the management of credit risk on securitisation, in addition to the Pillar I requirements and the qualitative and quantitative analysis defined by the regulation in force (CRR), the Group includes the securitisation exposures in the calculation of Credit Risk Economic Capital (ICAAP contribution).

Among the credit risk mitigation actions, the Group adopt the synthetic securitisation as a credit protection instrument on the portfolio. The guarantee received by third party can be financial (funded guarantee, a cash collateral) and/or not financial (personal guarantee). In case of unfunded guarantee, the obligor undertakes the obligation to pay an amount (contractually defined) in the event of default on the portfolio without any cash deposit as collateral. In case of funded guarantee, the obligation to pay is generally collateralized by a liquidity deposit. The Group acts as protection buyer in a Credit Default Swap in order to manage the default event.

Securitisation exposures

List of the ECAIs (External Credit Assessment Institution) and ECAs (Export Credit Agency) used in the standardised, advanced approach and of the credit portfolios on which the ratings supplied by these entities are applied

Securitisations

PORTFOLIOS	ECA/ECAI
Position on securitisations with short term rating	Fitch Ratings Moody's Investor Services Standard and Poor's Rating Services
Position on securitisations different from those with short term rating	

Template EU SEC1 - Securitisation exposures in the non-trading book

(€ million)

		a	b	c	d	e	f	g
		INSTITUTION ACTS AS ORIGINATOR						
		TRADITIONAL				SYNTHETIC		
		STS		NON-STS				
	DESCRIPTION		OF WHICH SRT		OF WHICH SRT		OF WHICH SRT	SUB-TOTAL
1	**Total exposures as at 12.31.2021**	**-**	**-**	**30,817**	**394**	**3,997**	**3,983**	**34,814**
2	Retail (total)	-	-	15,767	392	3,997	3,983	19,764
3	Residential mortgage	-	-	4,593	6	534	534	5,128
4	Credit card	-	-	-	-	-	-	-
5	Other retail exposures	-	-	11,174	386	3,462	3,448	14,636
6	Re-securitisation	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	15,049	2	-	-	15,049
8	Loans to corporates	-	-	15,029	-	-	-	15,029
9	Commercial mortgage	-	-	-	-	-	-	-
10	Lease and receivables	-	-	21	2	-	-	21
11	Other wholesale	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-
13	**Total exposures as at 06.30.2021**	**-**	**-**	**30,580**	**153**	**2,255**	**2,239**	**32,835**

continued: Template EU SEC1 - Securitisation exposures in the non-trading book

(€ million)

		h	i	j	k	l	m	n	o
		INSTITUTION ACTS AS SPONSOR				INSTITUTION ACTS AS INVESTOR			
		TRADITIONAL				TRADITIONAL			
	DESCRIPTION	STS	NON-STS	SYNTHETIC	SUB-TOTAL	STS	NON-STS	SYNTHETIC	SUB-TOTAL
1	**Total exposures as at 12.31.2021**	**3,458**	**1,965**	**-**	**5,423**	**4,427**	**6,329**	**-**	**10,756**
2	Retail (total)	-	148	-	148	4,127	5,255	-	9,382
3	Residential mortgage	-	-	-	-	618	879	-	1,497
4	Credit card	-	-	-	-	-	-	-	-
5	Other retail exposures	-	148	-	148	3,509	4,376	-	7,885
6	Re-securitisation	-	-	-	-	-	-	-	-
7	Wholesale (total)	3,458	1,817	-	5,276	300	1,074	-	1,374
8	Loans to corporates	510	-	-	510	-	344	-	344
9	Commercial mortgage	-	-	-	-	-	52	-	52
10	Lease and receivables	2,948	1,817	-	4,766	300	678	-	978
11	Other wholesale	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-
13	**Total exposures as at 06.30.2021**	**3,259**	**3,084**	**-**	**6,343**	**2,765**	**6,482**	**-**	**9,247**

UniCredit group has many years of experience in securitizing its assets, as well as in structuring securitisations for its customers (banks, financial firms, and businesses); in this context and with reference to trade receivables the Group acts as a sponsor of asset-backed commercial paper (ABCP) conduits. As at December 2021 the one Conduit Program in place is Customer Conduit Arabella Finance, for details refer to the paragraphs (i) Conduit Program and (ii) Arabella Finance on the previous pages.

Securitisation exposures

Template EU SEC2 - Securitisation exposures in the trading book

(€ million)

		a	b	c	d	e	f	g	h	i	j	k	l
		INSTITUTION ACTS AS ORIGINATOR				INSTITUTION ACTS AS SPONSOR				INSTITUTION ACTS AS INVESTOR			
		TRADITIONAL				TRADITIONAL				TRADITIONAL			
	DESCRIPTION	STS	NON-STS	SYNTHETIC	SUB-TOTAL	STS	NON-STS	SYNTHETIC	SUB-TOTAL	STS	NON-STS	SYNTHETIC	SUB-TOTAL
1	**Total exposures as at 12.31.2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**17**	**-**	**42**
2	Retail (total)	-	-	-	-	-	-	-	-	18	17	-	35
3	Residential mortgage	-	-	-	-	-	-	-	-	-	11	-	11
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	18	6	-	24
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	7	1	-	7
8	Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-
10	Lease and receivables	-	-	-	-	-	-	-	-	7	1	-	7
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
13	**Total exposures as at 06.30.2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**26**	**-**	**41**

Template EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

(€ million)

		a	b	c	d	e	f	g	h	i
		EXPOSURE VALUES (BY RW BANDS/DEDUCTIONS)					EXPOSURE VALUES (BY REGULATORY APPROACH)			
	DESCRIPTION	≤20% RW	>20% TO 50% RW	>50% TO 100% RW	>100% TO <1250% RW	1250% RW/ DEDUCTIONS	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	1250% RW/ DEDUCTIONS
1	**Total exposures as at 12.31.2021**	**4,893**	**4,142**	**309**	**416**	**40**	**4,338**	**5,422**	**-**	**40**
2	Retail (total)	1,986	3,436	3	386	5	390	5,422	-	5
3	Securitisation	1,986	3,436	3	386	5	390	5,422	-	5
4	Retail	-	148	3	386	3	390	148	-	3
5	*Of which STS*	-	-	-	-	-	-	-	-	-
6	Wholesale	1,986	3,288	-	0	3	-	5,274	-	3
7	*Of which STS*	1,678	1,780	-	-	-	-	3,458	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-
9	Wholesale (total)	2,907	706	305	30	34	3,948	-	-	34
10	Securitisation	2,907	706	305	30	34	3,948	-	-	34
11	Retail	2,907	706	305	30	34	3,948	-	-	34
12	Wholesale	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-
14	**Total exposures as at 06.30.2021**	**3,631**	**4,270**	**646**	**186**	**3**	**2,384**	**6,346**	**3**	**3**

Securitisation exposures

continued: Template EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

(€ million)

		j	k	l	m	n	o	p	q
		RWEA (BY REGULATORY APPROACH)				CAPITAL CHARGE AFTER CAP			
DESCRIPTION		SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	1250% RW/ DEDUCTIONS	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	1250% RW/ DEDUCTIONS
1	**Total exposures as at 12.31.2021**	**1,596**	**1,228**	**-**	**-**	**128**	**98**	**-**	**-**
2	Retail (total)	690	1,228	-	-	55	98	-	-
3	Securitisation	690	1,228	-	-	55	98	-	-
4	Retail	690	44	-	-	55	4	-	-
5	*Of which STS*	-	-	-	-	-	-	-	-
6	Wholesale	-	1,184	-	-	-	95	-	-
7	*Of which STS*	-	627	-	-	-	50	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-
9	Wholesale (total)	906	-	-	-	73	-	-	-
10	Securitisation	906	-	-	-	73	-	-	-
11	Retail	906	-	-	-	73	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-
14	**Total exposures as at 06.30.2021**	**1,660**	**1,655**	**3**	**-**	**133**	**132**	**0**	**-**

Template EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

(€ million)

		a	b	c	d	e	f	g	h	i
		EXPOSURE VALUES (BY RW BANDS/DEDUCTIONS)					EXPOSURE VALUES (BY REGULATORY APPROACH)			
DESCRIPTION		≤20% RW	>20% TO 50% RW	>50% TO 100% RW	>100% TO <1250% RW	1250% RW/ DEDUCTIONS	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	1250% RW/ DEDUCTIONS
1	**Total exposures as at 12.31.2021**	**8,945**	**785**	**120**	**467**	**31**	**-**	**7,960**	**2,357**	**31**
2	Retail (total)	8,945	785	120	467	31	-	7,960	2,357	31
3	Securitisation	8,945	785	120	467	31	-	7,960	2,357	31
4	Retail	8,455	771	59	65	30	-	7,827	1,522	30
5	*Of which STS*	3,811	315	-	-	-	-	3,547	580	-
6	Wholesale	490	14	61	402	1	-	133	835	1
7	*Of which STS*	300	-	-	-	-	-	-	300	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-
9	Wholesale (total)	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-
11	Retail	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-
14	**Total exposures as at 06.30.2021**	**6,920**	**1,253**	**177**	**417**	**33**	**-**	**6,854**	**1,914**	**33**

Securitisation exposures

continued: Template EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

(€ million)

		j	k	l	m	n	o	p	q
		RWEA (BY REGULATORY APPROACH)				CAPITAL CHARGE AFTER CAP			
	DESCRIPTION	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	1250% RW/ DEDUCTIONS	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	1250% RW/ DEDUCTIONS
1	**Total exposures as at 12.31.2021**	**-**	**1,524**	**2,494**	**-**	**-**	**122**	**200**	**-**
2	Retail (total)	-	1,524	2,494	-	-	122	200	-
3	Securitisation	-	1,524	2,494	-	-	122	200	-
4	Retail	-	1,403	199	-	-	112	16	-
5	*Of which STS*	-	429	58	-	-	34	5	-
6	Wholesale	-	121	2,294	-	-	10	184	-
7	*Of which STS*	-	-	30	-	-	-	2	-
8	Re-securitisation	-	-	-	-	-	-	-	-
9	Wholesale (total)	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-
11	Retail	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-
14	**Total exposures as at 06.30.2021**	**-**	**1,439**	**2,446**	**-**	**-**	**115**	**196**	**-**

Template EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

(€ million)

		a	b	c
		EXPOSURES SECURISED BY THE INSTITUTION - INSTITUTION ACTS AS ORIGINATOR OR AS SPONSOR		
		TOTAL OUTSTANDING NOMINAL AMOUNT		
	DESCRIPTION		OF WHICH EXPOSURES IN DEFAULT	TOTAL AMOUNT OF SPECIFIC CREDIT RISK ADJUSTMENTS MADE DURING THE PERIOD
1	**Total exposures as at 12.31.2021**	**73,933**	**6,899**	**1,489**
2	Retail (total)	25,597	4,765	1,432
3	Residential mortgage	6,850	1,554	1
4	Credit card	-	-	-
5	Other retail exposures	18,746	3,210	1,431
6	Re-securitisation	-	-	-
7	Wholesale (total)	48,336	2,135	57
8	Loans to corporates	17,752	683	57
9	Commercial mortgage	-	-	-
10	Lease and receivables	30,584	1,452	0
11	Other wholesale	-	-	-
12	Re-securitisation	-	-	-
13	**Total exposures as at 06.30.2021**	**75,555**	**10,184**	**20**

Operational risk

Template EU OR1 - Operational risk, Own Funds requirements and risk-weighted exposure amount

(€ million)

	BANKING ACTIVITIES	a	b	c	d	e
		RELEVANT INDICATOR			OWN FUNDS REQUIREMENT	RISK WEIGHTED EXPOSURE AMOUNT
		12.31.2019	12.31.2020	12.31.2021		
1	Banking activities subject to basic indicator approach (BIA)	1,038	518	471	101	1,267
2	Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches	1,733	1,239	1,192	195	2,435
3	*Subject to TSA*	*1,733*	*1,239*	*1,192*		
4	*Subject to ASA*	-	-	-		
5	Banking activities subject to advanced measurement approaches (AMA)	16,216	13,710	15,043	2,157	26,958
	Total	**18,987**	**15,467**	**16,706**	**2,453**	**30,661**

Liquidity risk

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR), introduced by Basel 3 prudential regulation, is a short time indicator which aims to ensure that credit institutions maintain an adequate liquidity buffer to cover the net liquidity outflows under severe conditions of stress over a period of 30 days.

The regulatory framework applied is represented by:

- with reference to the requirements to be met:
  - CRR article 412 "Liquidity coverage requirement";
  - Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 that lays down rules that specify in detail the liquidity coverage requirement provided for in CRR article 412(1). In particular, the requirement that all institutions authorised has to meet is equal to 100%;
  - Commission Implementing Regulation (EU) 2016/322 of 10 February 2016 laying down implementing technical standards with regard to supervisory reporting of institutions of the liquidity coverage requirement;
  - Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions;
  - Commission Implementing Regulation (EU) 2020/429 of 14 February 2020 amending Implementing Regulation (EU) 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to CRR Regulation.

- with reference to the disclosure information to be published:
  - CRR article 435 which defines the disclosure requirements for each separate category of risk, including the key ratios (letter f);
  - EDTF ("Enhancing the risk disclosures of banks") recommendation No.4 that requires the disclosure of key ratios (included LCR), once the applicable rules are finalised;
  - Commission Implementing Regulation (EU) 2021/637 of 15 March 2021, laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

Therefore, disclosure is made according to the regulatory framework mentioned above.

Liquidity risk

Template EU LIQ1 - Quantitative information of LCR

(€ million)

		a	b	c	d	e	f	g	h
SCOPE OF CONSOLIDATION (CONSOLIDATED)		TOTAL UNWEIGHTED VALUE (AVERAGE)				TOTAL WEIGHTED VALUE (AVERAGE)			
CURRENCY AND UNITS (EURO MILLION)									
EU 1a	QUARTER ENDING ON	12.31.2021	09.30.2021	06.30.2021	03.31.2021	12.31.2021	09.30.2021	06.30.2021	03.31.2021
EU 1b	NUMBER OF DATA POINTS USED IN THE CALCULATION OF AVERAGES	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					**201,871**	**200,546**	**193,558**	**179,615**
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	261,869	257,915	252,892	247,817	18,662	18,404	18,020	17,660
3	*Stable deposits*	*156,707*	*154,042*	*150,530*	*146,694*	*7,835*	*7,702*	*7,527*	*7,335*
4	*Less stable deposits*	*91,127*	*103,873*	*102,361*	*101,123*	*10,562*	*10,702*	*10,493*	*10,325*
5	Unsecured wholesale funding	190,085	188,103	183,797	177,582	79,455	78,862	77,070	74,224
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*72,730*	*72,274*	*70,318*	*67,233*	*17,118*	*17,017*	*16,549*	*15,807*
7	*Non-operational deposits (all counterparties)*	*112,124*	*110,668*	*108,601*	*106,137*	*57,107*	*56,684*	*55,644*	*54,204*
8	*Unsecured debt*	*5,230*	*5,160*	*4,878*	*4,212*	*5,230*	*5,160*	*4,878*	*4,212*
9	Secured wholesale funding					10,414	9,839	9,072	8,611
10	Additional requirements	136,771	132,581	127,653	124,713	50,813	48,695	46,047	45,299
11	*Outflows related to derivative exposures and other collateral requirements*	*35,935*	*33,964*	*31,342*	*30,885*	*35,443*	*33,452*	*30,841*	*30,499*
12	*Outflows related to loss of funding on debt products*	*433*	*394*	*516*	*462*	*433*	*394*	*516*	*462*
13	*Credit and liquidity facilities*	*100,403*	*98,222*	*95,795*	*93,365*	*14,936*	*14,849*	*14,689*	*14,338*
14	Other contractual funding obligations	8,318	7,747	7,101	6,659	8,172	7,600	6,953	6,516
15	Other contingent funding obligations	200,292	200,558	203,054	203,792	8,843	8,130	7,499	7,252
16	**TOTAL CASH OUTFLOWS**					**176,358**	**171,530**	**164,661**	**159,562**
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	50,798	50,283	51,239	52,915	14,041	13,341	12,645	12,551
18	Inflows from fully performing exposures	33,696	33,649	34,103	35,421	23,970	23,823	24,108	25,091
19	Other cash inflows	37,725	35,658	33,436	32,673	27,480	25,549	23,299	22,418
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	**122,219**	**119,590**	**118,779**	**121,009**	**65,491**	**62,714**	**60,052**	**60,059**
EU-20a	***Fully exempt inflows***	-	-	-	-	-	-	-	-
EU-20b	***Inflows Subject to 90% Cap***	-	-	-	-	-	-	-	-
EU-20c	***Inflows Subject to 75% Cap***	***106,065***	***104,384***	***104,848***	***107,723***	***65,491***	***62,714***	***60,052***	***60,059***
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**201,871**	**200,546**	**193,558**	**179,615**
22	**TOTAL NET CASH OUTFLOWS**					**110,867**	**108,816**	**104,610**	**99,503**
23	**LIQUIDITY COVERAGE RATIO (%)**					**182%**	**184%**	**185%**	**180%**

Liquidity risk

Table EU LIQB - Qualitative information on LCR, which complements template EU LIQ1

Evolution of LCR results
Reported LCR trend in the second half 2021 is mainly driven by expiring issues and commercial dynamics.

Description of the composition of the liquidity buffer and net liquidity outflows
At the end of December 2021, liquidity buffer components mainly consist of withdrawable central bank reserves and governments bonds, representing 86% of the buffer. The other eligible component is mostly made of cash.
The main component of the net liquidity outflows is related with retail and corporate deposits and the potential cash outflows from the committed credit lines.

Concentration of funding and liquidity sources
Funding Concentration Risk can arise when the bank leverages on a limited number of funding sources, that they become of such significance that the withdrawal of one or few could trigger liquidity problems.
In the Group the governance and control of funding concentration risk is mainly performed through the setting and monitoring of metrics, managerial and regulatory, aimed at preventing potential vulnerabilities in the bank's ability to meet its liquidity obligations when the funding contracts expire. At this purpose, the metrics in place to steer this risk are the concentration funding by products and counterparties.

Derivative exposures and potential collateral calls
Regarding potential collateral calls, monthly reporting is conducted to measure the impact in terms of additionally required collateral that the bank may be required to provide given a downgrade of its own credit rating or adverse market scenario on derivatives transactions. All relevant rating agencies are considered. The testing is carried out on a Legal Entity level, but consolidated reporting is available to analyze the impact on Group wide basis. Specific attention is dedicated to exposures towards Special Purpose Vehicles.
Quantification of potential liquidity outflows, raised by the necessity of additional guarantees in case of adverse market scenarios, is measured leveraging on the historical analysis of net collateral posted (Historical Look Back Approach).

Currency mismatch in the LCR
As far as the currency mismatch is concerned, a regular monitoring of the relevant currencies (e.g. where liabilities > 5% of total liabilities) and related liquid assets and net cash outflows is performed. So far only EUR and USD resulted to be relevant at Group level. Assessment performed on potential currency mismatches between liquid assets and net outflows shows that the liquidity surplus in EUR is sufficient to cover the gap in USD. A buffer of HQLA (High Quality Liquid Assets) in USD is maintained to face the potential risk related with the conversion of the currency.

Other items relevant for the liquidity profile
The 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".
The intraday liquidity risk is monitored through the intraday liquidity monitoring tool prescribed by Basel Committee on Banking Supervision (BCBS).
In order to meet the payments falling due in different timing during the business day and avoid possible shortfalls due to missing/delayed inflows, a liquidity buffer is kept on a continuous basis by each LE’s Treasury.

Liquidity risk

Net Stable Funding Ratio

Template EU LIQ2 - Net Stable Funding Ratio

(€ million)

	DESCRIPTION	a	b	c	d	e
		UNWEIGHTED VALUE BY RESIDUAL MATURITY				
		NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1YR	≥ 1YR	WEIGHTED VALUE
Available stable funding (ASF) Items						
1	Capital items and instruments	59,932	498	247	9,694	69,626
2	*Own funds*	*59,932*	*498*	*247*	*8,729*	*68,661*
3	*Other capital instruments*		-	-	*965*	*965*
4	Retail deposits		268,690	804	5,962	256,922
5	*Stable deposits*		*168,140*	*161*	*28*	*159,914*
6	*Less stable deposits*		*100,550*	*642*	*5,934*	*97,008*
7	Wholesale funding:		283,715	16,678	184,678	284,287
8	*Operational deposits*		*70,700*	-	-	*2,956*
9	*Other wholesale funding*		*213,015*	*16,678*	*184,678*	*281,331*
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	17,073	13,358	625	22,747	23,059
12	*NSFR derivative liabilities*	*17,073*				
13	*All other liabilities and capital instruments not included in the above categories*		*13,358*	*625*	*22,747*	*23,059*
14	**Total available stable funding (ASF)**					**633,894**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					35,319
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		13	122	36,458	31,104
16	Deposits held at other financial institutions for operational purposes		86	-	0	43
17	Performing loans and securities:		125,720	42,260	295,152	331,688
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*15,606*	*2,631*	*5,830*	*9,135*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*19,008*	*2,359*	*13,739*	*17,098*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*82,353*	*31,304*	*177,239*	*239,378*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*25,102*	*8,586*	*48,672*	*57,363*
22	*Performing residential mortgages, of which:*		*4,137*	*4,856*	*76,711*	*45,647*
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*2,613*	*2,834*	*51,935*	*45,647*
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*4,616*	*1,109*	*21,634*	*20,430*
25	Interdependent assets		-	-	-	-
26	Other assets:	-	44,822	3,731	52,985	59,885
27	*Physical traded commodities*				*104*	*89*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	*11,806*	*10,035*
29	*NSFR derivative assets*		*2,557*			*2,557*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*24,771*			*1,239*
31	*All other assets not included in the above categories*		*17,495*	*3,731*	*41,075*	*45,966*
32	Off-balance sheet items		8,228	6,351	165,974	13,304
33	**Total RSF**					**471,343**
34	**Net Stable Funding Ratio (%)**					**134%**

Liquidity risk

Liquidity buffer and funding strategies

Liquidity buffer

The main tool through which the Group meets its liquidity needs is the Funding Plan, defined for 2021 at Group, Liquidity Reference Bank and relevant legal entity level. The Funding Plan includes the set of medium long term funding instruments to be issued in order to cover the expected funding needs deriving from the evolution of the liquidity uses and sources (including also commercial growth generated by business functions), avoiding pressure on the short term interbank position.

Parent company Finance function is responsible for the execution of the medium long term Group's funding strategy (including securitization operations), coordinating the access to national and international capital markets for all the Liquidity Reference Banks exploiting local market opportunities in order to reduce the costs of funding and diversify of the financing sources.

Parent company Treasury function is responsible for the financial stability and liquidity of the Group. Its primary objective is to fulfill ordinary and extraordinary payment obligations on the short-term period, managing the liquidity risk generated by possible unbalances in the Group financial structure, as well as settlement, rate and FX risks. It accesses money markets and coordinates the treasury functions within the Parent company international branches and Liquidity Reference Banks, also for the purpose of making refinancing transactions with the European Central Bank. Moreover, the Parent company Treasury function acts also as the sole party in the management of the intra-group financial flows linked to net liquidity requirements/surpluses of the banks and companies in the Group.

In order to avoid that short-term liquidity crunch or other unexpected events leading to potentially serious consequences, the Group constantly maintains a liquidity reserve, that is a cushion represented by an appropriate amount of cash, or other highly liquid assets, in relation to the amount of liabilities and expected stress results. According to the Group Policy for Contingency Liquidity Management, if necessary to restore the liquidity positions, the Group Treasury in its role of operative liquidity management function is entitled to monetize the securities belonging to the trading and the banking book, prevailing on any existing business or risk management strategies, as per article 8 (3)(b) of the Delegated Act of 10 October 2014 for Liquidity Coverage Requirement for Credit Institutions.

By maintaining cash reserves in money market instruments, unexpected demand on cash does not require the immediate sale of other less liquid securities, which in most cases would not be in the business's or individual's best interest. As reported in the table below, UniCredit group had €196.9 billion of aggregate liquidity resources as at 31 December 2021 that represented around 21% of the total balance sheet.

Among the total liquidity reserves €54.8 billion (28% of the total liquidity resources) were in the form of unencumbered unsecured bonds eligible at Central Bank, of which €52.7 billion is in the form of bonds issued or guaranteed by sovereigns, quasi-sovereigns or multinational institutions. A large portion of the sovereign portfolio consists mainly of bonds issued by the Republic of Italy, the Kingdom of Spain, the Kingdom of Japan and Republic of Romania. These bonds are highly liquid and therefore, even in a stressed scenario, the Group would be able to rapidly obtain cash either via repurchase agreements or outright sales.

In addition, within this liquidity buffer, the Group holds a portfolio of highly liquid non-sovereign bonds issued by credit worthy financial institutions, both in senior and covered format, as well as by corporates and public sector entities. This category cumulatively represents close to €5.7 billion and is eligible for financing with the European Central Bank.

The final major category in the Group liquidity buffer is represented by the retained covered bonds and asset backed securities issued by the bank. These represent €1.1 billion of liquidity equivalent Counterbalancing Capacity as they are eligible for the European Central Bank refinancing operations.

Total cash stands at €137.4 billion part of it, equal to €8.7 billion, is restricted to being held at the Central Banks in the form of minimum required reserves (MRR).

The bulk of the liquidity buffer is in Italy (56% of the total). The liquidity available at country level may be transferred to other legal entities within the Group perimeter. The intra-group transfer of liquidity is subject to a set of legal, regulatory and political restrictions (for further details, refer to the Notes of consolidated accounts as at 31 December 2021, Part E - Information on risks and hedging policies, Section 2.4 Liquidity risk). The constraints are minor for downstream loans within the same country; they become more stringent for downstream loans with foreign counterparties; and grow further in intensity for upstream loans with foreign counterparties.

Liquidity risk

Liquidity value (market value and applicable Central Bank haircut)

(€ million)

INSTRUMENT TYPE	UNICREDIT GROUP AMOUNT	UNICREDIT GROUP % ON TOTAL	ITALY AMOUNT	ITALY % ON TOTAL	GERMANY AMOUNT	GERMANY % ON TOTAL	CENTRAL EUROPE AMOUNT	CENTRAL EUROPE % ON TOTAL	EASTERN EUROPE AMOUNT	EASTERN EUROPE % ON TOTAL
Cash and Balances with Central Banks	**137,443**	**69.8%**	**84,594**	**77.5%**	**22,557**	**66.0%**	**22,628**	**63.3%**	**7,663**	**43.1%**
of which Compulsory Reserve	*8,687*	*4.4%*	*2,104*	*1.9%*	*1,468*	*4.3%*	*1,065*	*3.0%*	*4,051*	*22.8%*
Unsecured Bonds eligible at Central Bank	**54,814**	**27.8%**	**23,487**	**21.5%**	**10,380**	**30.4%**	**12,507**	**35.0%**	**8,440**	**47.4%**
of which issued or guaranteed by Sovereign, Central Banks or Multilateral Development Banks	*52,677*	*26.8%*	*22,540*	*20.6%*	*9,727*	*28.5%*	*12,371*	*34.6%*	*8,039*	*45.2%*
of which issued or guaranteed by municipalities or other public sector entities	*12*	*0.0%*	-	-	*5*	*0.0%*	-	-	*7*	*0.0%*
of which issued by financial institutions excluding covered bonds	*1,428*	*0.7%*	*834*	*0.8%*	*552*	*1.6%*	-	-	*42*	*0.2%*
of which issued by non financial institutions	*698*	*0.4%*	*113*	*0.1%*	*96*	*0.3%*	*137*	*0.4%*	*352*	*2.0%*
Covered Bonds eligible at Central Bank	**2,595**	**1.3%**	**1,086**	**1.0%**	**917**	**2.7%**	**592**	**1.7%**	**-**	**-**
of which issued by other banks or financial institutions	*1,515*	*0.8%*	*298*	*0.3%*	*911*	*2.7%*	*307*	*0.9%*	-	-
of which issued by their own bank or related unit (retained Covered Bond)	*1,080*	*0.5%*	*789*	*0.7%*	*7*	*0.0%*	*285*	*0.8%*	-	-
ABS eligible at Central Bank	**362**	**0.2%**	**49**	**0.0%**	**313**	**0.9%**	**-**	**-**	**-**	**-**
of which issued by other banks or financial institutions	*313*	*0.2%*	-	-	*313*	*0.9%*	-	-	-	-
of which issued by their own bank or related unit (self securitisations)	*49*	*0.0%*	*49*	*0.0%*	-	-	-	-	-	-
Other asset eligible at Central Bank	**1,686**	**0.9%**	**-**	**-**	**-**	**-**	**-**	**-**	**1,686**	**9.5%**
TOTAL	**196,900**		**109,216**		**34,168**		**35,727**		**17,789**	

Liquidity risk

Funding strategies

Short-term funding

The Short-term funding activity in fourth quarter of 2021 was again stable in terms of volumes but affected by seasonal factors in the yields which manifested only in the last month of the year when, the abundance of liquidity and some regulatory requirements over the turn of year, materialized in a slow-down in markets activity and a drop in the rates of the very short dates. On the other hand, some pick-up in longer tenors' rates (i.e. from 6 months on) of USD, GBP and other currencies, started during the quarter signaling a change in the policy of the Central Banks in the attempt to curb inflation risks. As for the Euro, the yield curves, yet at historical lows, remained pretty unchanged for the whole quarter, managing to offer yields around the Deposit Facility on all tenors. The average cost of funding for the Eurosystem banks, measured through the Euribor, was stable in the first two months of the fourth quarter 2021 and recorded a drop related to the above-mentioned seasonal effects in December.

During the last quarter of 2021, the repo market recorded a clear drop of interest rates due to year-end dynamics. Several market counterparts showed a limited appetite in raising liquidity thus leading to the richening of repo rates and consequently to a decrease in the availability of collateral in the market. The ECB, through its securities lending program, softened these pressures despite repo rates over the last day of the year reached very low levels (Italy -3.75%, Spain -4%, Germany -5.5%, France -5%). The strong volatility recorded on financial markets during last months of the year marginally impacted the repo market leading to the widening of bid-ask spreads and decreasing traded volumes for tenors longer than 6 months. Regarding shorter periods, a widespread increase of "specials" was recorded despite stable "general collateral" rates.

Medium/Long-term funding

In 2021 the Group executed medium/long-term funding for an amount of approximately €14.5 billion, out of the volume foreseen in the budget for €25.4 billion, confirming its consolidated ability to access markets in different formats across the capital structure.

The Funding Plan has been firstly planned and then executed adopting the usual approach of using a variety structures/instruments issued with different tenors with the aim to:
- avoid maturities concentration risk, exploiting potential favorable market conditions to extend duration;
- achieve an adequate level of diversification;
- ensure an appropriate level of liquidity;
- comply with various applicable regulatory requirements and internal limits and triggers.

The Group also leveraged on being able to access markets out of different legal entities, enjoying for all of them a large degree of name recognition with local institutional investors.

In 2021 the combined amount issued by the subsidiaries of the Group has been approximately €8 billion.

In terms of subordinated debt, UniCredit S.p.A. has issued in June 2021 a new Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes - Additional Tier 1 for a total amount of €750 million targeted to institutional investors, with a "perpetual" duration (maturity linked to the corporate duration of UniCredit S.p.A.). The notes pay fixed rate coupons for the first 7 years equal to 4.45% per annum, paid on a semi-annual basis. The notes were allocated to institutional investors, based in the main financial European venues (UK, France, Germany, Austria, Swiss and Italy). The coupon payment is fully discretionary. The Notes have a 5.125% Common Equity Tier 1 (CET1) trigger. If the Group or Issuer CET1 ratio at any time falls below such trigger level, the instrument will be temporarily written down to cure the breach, taking into consideration other instruments with similar write down triggers, ranking pari-passu. The issue has been contributing to improve the Tier 1 ratio since the settlement date (7 July 2021).

In terms of senior funding, the most relevant deals executed during 2021 have been issued by UniCredit S.p.A.:
- in January 2021 a Dual Tranche Senior Preferred transaction for a total combined amount of €2 billion (5Y and 10Y maturities);
- in May 2021 a Dual Tranche Senior Preferred transaction for a total combined amount of USD2 billion (6NC5Y and 11NC10Y format);
- in June 2021 an inaugural Senior Preferred Green Bond for a total amount of €1 billion (8NC7Y format);
- in October 2021 a Senior Preferred Retail Social Bond for a total amount of €155 million (10Y maturity, floater with cap & floor).

The collateralized funding continued to play a very important role, being one of the most cost-efficient sources. The Group continued leveraging on the use of available collateral of the different issuing platforms, being able to generate bilateral funding from Agencies/Supranational Entities in different countries for an amount of approximately €3.5 billion.

Liquidity risk

On the Covered Bond side, during 2021 UniCredit Bank AG has issued four new institutional market Covered Bonds ("Pfandbrief") transactions with 15, 10 and 8 years maturities, and the inaugural Green Pfandbrief with 5 years maturity. In addition, UniCredit Bank AG has tapped a previously issued Covered Bond maturing in January 2032. The total combined amount is €2.5 billion.

Deposits from customers and banks, senior bonds and own funds represent our most stable funding sources, with deposits from customers representing 65% of the liability structure by the end of 2021.

Liabilities structure breakdown by maturity

(€ million)

INSTRUMENT TYPE	OUTSTANDING	% ON TOTAL	1 MONTH	3 MONTHS	6 MONTHS	9 MONTHS	1 YEAR	2 YEARS	OVER 2 YEARS
Depos from Banks	164,910	21%	25,201	6,836	16,492	962	998	98,135	16,286
of which Secured	*14,965*	*2%*	*10,208*	*3,193*	*1,532*	-	-	*18*	*14*
Depos from Customers	504,513	65%	457,086	26,784	5,394	2,387	3,753	2,896	6,213
of which Secured	*23,761*	*3%*	*20,174*	*3,179*	*407*	-	-	-	-
Subordinated	9,920	1%	745	29	50	-	1,500	106	7,491
of which Retail	*29*	*0%*	-	*29*	-	-	-	-	-
Senior Unsecured	50,656	7%	3,748	674	3,254	953	1,395	10,337	30,295
of which Retail	*8,611*	*1%*	*35*	*115*	*179*	*208*	*198*	*1,910*	*5,965*
CD/CP	9,750	1%	1,020	1,767	3,378	675	2,878	31	-
of which Retail	*35*	*0%*	*4*	-	-	-	-	*30*	-
Covered Bonds	33,249	4%	10	2,044	67	1,473	102	2,773	26,779
ABS	-	0%	-	-	-	-	-	-	-
Other	-	0%	-	-	-	-	-	-	-
TOTAL	**772,998**		**487,811**	**38,134**	**28,636**	**6,451**	**10,625**	**114,279**	**87,064**

Liabilities structure breakdown by currency

(€ million)

INSTRUMENT TYPE	OUTSTANDING	% ON TOTAL	EUR	USD	GBP	CHF	JPY	OTHER
Deposits from Banks	164,910	21%	152,037	8,247	1,647	30	7	2,941
of which Secured	*14,965*	*2%*	*13,335*	*1,617*	-	-	-	*13*
Deposits from Customers	504,513	65%	429,342	24,426	1,636	745	99	48,265
of which Secured	*23,761*	*3%*	*23,761*	-	-	-	-	-
Subordinated	9,920	1%	6,574	3,346	-	-	-	-
of which Retail	*29*	*0%*	*29*	-	-	-	-	-
Senior Unsecured	50,656	7%	38,286	11,365	21	5	38	940
of which Retail	*8,611*	*1%*	*8,297*	*200*	-	*0*	-	*113*
CD/CP	9,750	1%	9,710	40	-	-	-	-
of which Retail	*35*	*0%*	*35*	-	-	-	-	-
Covered Bonds	33,249	4%	32,144	439	-	-	-	666
ABS	-	0%	-	-	-	-	-	-
Other	-	0%	-	-	-	-	-	-
TOTAL	**772,998**		**668,094**	**47,863**	**3,304**	**781**	**144**	**52,812**

Liquidity risk

Encumbered and unencumbered assets

Template EU AE1 - Encumbered and unencumbered assets

(€ million)

		CARRYING AMOUNT OF ENCUMBERED ASSETS		FAIR VALUE OF ENCUMBERED ASSETS		CARRYING AMOUNT OF UNENCUMBERED ASSETS		FAIR VALUE OF UNENCUMBERED ASSETS	
			OF WHICH NOTIONALLY ELIGIBLE EHQLA AND HQLA		OF WHICH NOTIONALLY ELIGIBLE EHQLA AND HQLA		OF WHICH EHQLA AND HQLA		OF WHICH EHQLA AND HQLA
DESCRIPTION		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution as at 12.31.2021**	**291,725**	**104,604**			**647,934**	**183,760**		
030	Equity instruments	4,459	-	4,457	-	9,464	10	9,461	3
040	Debt securities	105,247	100,321	105,828	101,058	59,833	45,169	59,863	46,060
050	*of which: covered bonds*	*5,560*	*4,643*	*5,613*	*4,656*	*814*	*782*	*816*	*780*
060	*of which: securitisations*	*2,051*	*656*	*1,992*	*598*	*7,452*	*2,406*	*7,351*	*2,345*
070	*of which: issued by general governments*	*81,966*	*80,945*	*82,506*	*81,678*	*40,967*	*37,327*	*41,003*	*37,430*
080	*of which: issued by financial corporations*	*20,091*	*16,175*	*20,073*	*16,051*	*15,429*	*7,420*	*15,344*	*7,346*
090	*of which: issued by non-financial corporations*	*2,886*	*2,394*	*2,933*	*2,435*	*2,742*	*1,258*	*2,754*	*1,253*
120	Other assets	181,949	4,294			581,033	143,398		

The encumbered assets mainly relate to UniCredit S.p.A., UniCredit Bank AG and UniCredit Bank Austria AG.
The main sources of encumbrance are the Repo activity, the Covered Bonds in issue and ECB refinancing (TLTRO), which account for the most of the total amount.
The evolution of the percentage of encumbered assets during the 2021 remains broadly stable, mostly due to the dynamic of debt securities and term loans (included in the item “Other assets”).
As far as the “Debt securities” is concerned, EHQLA and HQLA represent the major part, both in term of encumbered and unencumbered assets.
With regards to the unencumbered assets, the main item is referred to the “Other assets“ (equal to 90%). Non-EHQLA and non-HQLA amount to 75% of the overall “Other assets”.

Liquidity risk

Template EU AE2 - Collateral received and own debt securities issued

(€ million)

	DESCRIPTION	FAIR VALUE OF ENCUMBERED COLLATERAL RECEIVED OR OWN DEBT SECURITIES ISSUED		UNENCUMBERED - FAIR VALUE OF COLLATERAL RECEIVED OR OWN DEBT SECURITIES ISSUED AVAILABLE FOR ENCUMBRANCE	
			OF WHICH NOTIONALLY ELIGIBLE EHQLA AND HQLA		OF WHICH EHQLA AND HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**	**61,332**	**59,414**	**20,608**	**15,725**
140	Loans on demand	-	-	-	-
150	Equity instruments	769	138	98	25
160	Debt securities	60,503	59,276	19,715	15,638
170	*of which: covered bonds*	*2,681*	*2,588*	*206*	*203*
180	*of which: securitisations*	*896*	*-*	*349*	*-*
190	*of which: issued by general governments*	*39,829*	*39,387*	*17,218*	*14,158*
200	*of which: issued by financial corporations*	*16,380*	*15,481*	*2,458*	*2,222*
210	*of which: issued by non-financial corporations*	*597*	*508*	*814*	*287*
220	Loans and advances other than loans on demand	-	-	4	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	**-**	**-**	**17,831**	**-**
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			**51**	**-**
250	**Total assets, collateral received and own debt securities issued as at 12.31.2021**	**353,979**	**166,870**		

With regards to the collateral received, the median percentage which results encumbered is equal to 75%, mainly relating to debt securities received as collateral in repo and similar operations which were then re-used.

Template EU AE3 - Sources of encumbrance

(€ million)

	DESCRIPTION	MATCHING LIABILITIES, CONTINGENT LIABILITIES OR SECURITIES LENT	ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED OTHER THAN COVERED BONDS AND SECURITISATIONS ENCUMBERED
		010	030
010	**Carrying amount of selected financial liabilities as at 12.31.2021**	**263,159**	**290,076**

The ratio between the “Assets, collateral received and own Debt Securities issued other than Covered Bonds and Securitisation encumbered” and the relevant “Matching liabilities, contingent liabilities and securities lent” amounts to 110%, which is mainly related to overcollateralisation agreements on repos and Covered Bonds issued.

Notes to the previous tables:
- In terms of median, the percentage of encumbered assets to the total assets amount is equal to 31%, mainly due to term loans (included in the item “Other assets”) and debt securities (considering also the collateral the percentage moves to 35%). Compared to 2020, the increase of encumbrance is mainly linked to the additional participation in TLTRO III operations in March 2021 of UniCredit group.
- Values reported in the tables above relate to the median value calculated on the basis of punctual data for the four reference quarters of 2021. These figures refer to the prudential scope of consolidation.

Leverage

The Basel 3 prudential regulation (BCBS) introduced the requirement of calculation, reporting, and publication of leverage ratio that is an additional regulatory requirement to risk-based indicators.
The main leverage ratio objectives are:
- restricting the build-up of leverage in the banking sector;
- enhancing the capital ratios with a further, simple and not risk based measure.

The ratio is calculated according to the rules of the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2"), amending the CRR Regulation, in force from the 28 June 2021, two years after the date of publication in the Official Journal of the European Union.
In the session of 15 April 2019, the European Parliament approved 3% minimum requirement for the leveraging ratio in the first pillar.
An additional buffer is provided for the G-SII banks, calculated as 50% of the G-SII buffer rate in accordance with article 131(4) of Directive 2013/36/EU. According to the Regulation (EU) 2020/873 (CRR "Quick fix") of 26 June 2020, making targeted amendments to the Regulation CRR and to the Regulation CRR2, the new G-SIIs requirement shall apply from 1 January 2023.
The abovementioned regulation amends CRR article 429, complying with "Basel III: Finalising post-crisis reforms"[47], issued in December 2017.

The present disclosure follows the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to disclosure by Institutions of the leverage ratio, according to CRR Regulation, as amended by the Regulation (EU) 2019/876.

Content

CRR article 429 defined the leverage ratio as the Bank's capital measure divided by the total exposure and it is expressed ad percentage between:
- Tier 1 Capital;
- the total exposure, calculated as sum of all assets and off-balance sheet items not deducted when determining the Tier 1 capital measure.

The total exposure includes (the below mentioned articles refer to CRR):
- Derivatives - calculated according to the Standardised Approach for Counterparty Credit Risk as per Section 3 of Chapter 6 of Title II of the Part 3, or, as an alternative, the Original Exposure Method as per article 295 of the CRR. Written Credit Derivatives are calculated by including the Fully Effective Notional amount, reduced by the fair value changes that have been incorporated in Tier 1 Capital. If specific conditions are met the resulting exposure value may be further reduced by the effective notional amount of purchased credit derivatives.
- Security Financing Transactions (SFT[48]) - calculated as sum of two components: the counterparty credit risk exposure, i.e. the exposure net of collateral (and not including the haircut), and the accounting value of the SFT asset; if specific conditions set by CRR2 are met, it is possible to determine the exposure value of cash receivable and cash payables on a net basis.
- Off-balance Sheet Exposure - calculated, according to article 111 as nominal amount not reduced by specific credit risk adjustments and by applying the Standardised Approach for RWEA calculation credit conversion factors.
- Other Asset - calculated, according to article 111, as accounting value reduced by specific credit risk adjustments, additional value adjustments and other own funds reductions related to the asset item; if specific conditions set by CRR2 are met, cash variation margins provided for derivatives transactions can be excluded from the exposure.
- Exempted Exposures according to article 429a where applicable.

The following figures refer to the Leverage Ratio calculated by applying the transitional rules applied to Tier 1 Capital. The Tier 1 Capital including the positive IFRS9 transitional adjustment applied to CET1 as per article 473a(7a) of the amended CRR2 has been considered for the calculation of transitional Leverage Ratio.
Consistently, the Leverage Ratio exposure has been increased by the amount of the abovementioned transitional adjustment applied to CET1 (net of tax effects) calculated both on STD and IRB exposures.
The effect on the Leverage Ratio of the IFRS9 transitional adjustment is equal to +0.25% (rounded) as shown in "Template IFRS9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS9 or analogous ECLs" reported in the Own Fund chapter.

It is worth mentioning that starting from fourth quarter 2021, UniCredit group decided to opt out from the temporary exemption of Central Bank exposures that was granted according to Article 429(a)(1), (5), (6), (7) of Regulation (EU) 2019/876 and relevant amendment as per Regulation (EU) 2020/873. The decision to opt-out refers to the consolidated perimeter only, while the abovementioned temporary exemption keeps applying at the single Legal Entities level until the expiry of this measure (expected in March 2022).

47 See "Basel III: Finalising post-crisis reforms" https://www.bis.org/basel_framework/standard/LEV.htm.
48 Security Financing Transactions are repurchased transactions, securities or commodities lending or borrowing transactions and margin lending transactions.

Leverage

The following template shows the Leverage Ratio as of 31 December 2021 and the breakdown of the exposure by main categories, according to CRR2 articles 451(1)(a), 451(1)(b) and 451(1)(c).

Template EU LR2 - LRCom: Leverage ratio common disclosure

(€ million)

DESCRIPTION		CRR LEVERAGE RATIO EXPOSURES	
		a	b
		12.31.2021	06.30.2021
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	843,962	701,390
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(8,727)	(7,591)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	471	366
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**835,706**	**694,164**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	25,538	21,807
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	20,903	19,073
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0	0
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	7,124	4,516
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(5,685)	(3,549)
13	**Total derivatives exposures**	**47,881**	**41,848**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	38,249	59,801
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,602)	(4,861)
16	Counterparty credit risk exposure for SFT assets	8,372	8,644
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**45,020**	**63,584**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	329,288	380,597
20	(Adjustments for conversion to credit equivalent amounts)	(243,008)	(230,222)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**86,280**	**150,375**
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of article 429a (1) CRR (on and off-balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	(3,425)	(3,435)
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**(3,425)**	**(3,435)**

Leverage

continued: Template EU LR2 - LRCom: Leverage ratio common disclosure

(€ million)

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
DESCRIPTION		12.31.2021	06.30.2021
Capital and total exposure measure			
23	**Tier 1 capital**	**57,780**	**58,888**
24	**Total exposure measure**	**1,011,462**	**946,537**
Leverage ratio			
25	Leverage ratio	5.71%	6.22%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.71%	6.22%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.71%	5.32%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.10%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital (percentage points)	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.10%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	50,318	54,207
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	36,648	54,940
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,025,132	945,804
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,025,132	1,106,447
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.64%	6.23%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.64%	5.32%

Note:
For sake of consistency with the following tables, the comparison with 30 June 2021 data has been reported, although the EU LR2 template is disclosed on a quarterly basis.
The Regulatory minimum leverage ratio requirement has been introduced with the CRR2 and has been calculated considering the application of the exemptions of the central bank exposures.

The following template shows, for exposures other than derivatives and SFTs, the breakdown by exposure class, according to CRR2 article 451(1)(b).

Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

(€ million)

DESCRIPTION		12.31.2021	06.30.2021
EU - 1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**843,962**	**690,363**
EU - 2	Trading book exposures	37,099	37,327
EU - 3	Banking book exposures, of which:	806,864	653,036
EU - 4	Covered bonds	3,291	3,250
EU - 5	Exposures treated as sovereigns	297,833	165,113
EU - 6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	6,476	5,955
EU - 7	Institutions	23,611	24,284
EU - 8	Secured by mortgages of immovable properties	132,260	129,815
EU - 9	Retail exposures	58,832	55,867
EU - 10	Corporate	199,055	196,163
EU - 11	Exposures in default	7,562	8,551
EU - 12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	77,945	64,039

Note:
The item EU-5 as of 30 June 2021 considers the exemption of Central Banks Exposures, excluded by the Leverage Ratio Exposure according to the article 429(a)(n) of the CRR2. The exemption is not applied as at 31 December 2021.

Leverage

The following template shows the reconciliation between the total Leverage Ratio Exposure (denominator) and the Accounting balance sheet values, according to the CRR2 article 451(1)(b).

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

(€ million)

		a	b
DESCRIPTION		APPLICABLE AMOUNT AS AT 12.31.2021	APPLICABLE AMOUNT AS AT 06.30.2021
1	Total assets as per published financial statements	916,671	950,046
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	163	347
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-	(160,643)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	12	236
8	Adjustments for derivative financial instruments	4,020	(377)
9	Adjustment for securities financing transactions (SFTs)	8,372	8,644
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	86,403	151,272
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of article 429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of article 429a(1) CRR)	-	-
12	Other adjustments	(4,179)	(2,989)
13	**Total exposure measure**	**1,011,462**	**946,537**

Notes:
- The item 2 includes also the adjustment for entities which are consolidated for regulatory purposes but are outside the scope of accounting consolidation.
- The item 4 as at 30 June 2021 includes the amount of central bank exposures excluded from the total leverage exposure measure according to CRR2 article 429a (n).
- The item 12 “Other Adjustments” includes:
  - Regulatory Adjustments related to Tier 1 Capital regarding Balance sheet Assets (transitional definition);
  - Accounting and fiscal Off-setting on Other Asset.

Leverage

Table EU LRA: Disclosure of LR qualitative information

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers
The leverage ratio, calculated on a Transitional base applied to Tier 1 Capital, stands at 5.71% as at 31 December 2021, decreasing by 0.51% from 6.22% as at 30 June 2021. In particular, the decrease is due to:
- Tier 1 Capital decrease of €1.1 billion, with a negative impact on ratio of -0.12%;
- Total Exposure increase of €64.9 billion, with a positive impact on ratio of -0.39%.

With regard to the evolution of the ratio:
- for Tier 1 Capital dynamics refer to the "Own Funds" chapter;
- for Total Exposure changes the main drivers are:
  - increase of Derivative Exposure for €6 billion (-0.04%);
  - increase of other on-balance sheet items (excluding derivatives and SFT) for €141.5 billion (-0.93%) due to the opt out from the waiver related to Central Bank Exposures;
  - decrease of Off-balance sheet items for €64.9 billion (+0.42%) due to the exclusion of the unsettled repos and reverse repos exposure in line with CRR2 articles 111, 429b and 429e;
  - decrease of SFT for €18.6 billion (+0.12%).

Description of the processes used to manage the risk of excessive leverage
Group Risk Appetite Framework represents the foundation for risk management within UniCredit group. This framework envisages comprehensive governance, processes, tools, and procedures for the widespread management of risks. The Leverage risk is included in the Group Risk Appetite framework, therefore the relevant procedures and resources are applied to this kind of risk.

The quantitative tools to assess the Leverage risk are coming from Group Risk Appetite framework that also include the Leverage Ratio metric. This KPI has its own Target, Trigger and a Limit defined consistently with Group business strategies and considering regulatory requirements, peers' comparison, and stress test results. These KPIs are periodically monitored within the regular reporting activity and are submitted, on a quarterly basis, to the Group Executive Committee and to the Board of Directors.

The Group Risk Appetite process identifies the governance mechanism, managerial involvement, and escalation process under normal and stressed operating conditions. The defined escalation process is activated at relevant organizational levels to ensure an adequate reaction when triggers or limits are breached. Moreover, for the capital metrics, including the Leverage Ratio, the Group has defined a specific internal policy (Capital Contingency Policy) that set the processes for reacting to contingency situation which require a timely reaction in term of increase of capital or reduction of exposures.

To ensure a timely identification of potential drivers of the risk of excessive leverage, maturity mismatches and asset encumbrance are closely monitored.

The risk generated by the maturity mismatch is monitored using the Net Stable Funding Ratio (NSFR), calculated monthly. This is the ratio between the available amount of stable funding and the required amount of stable funding that are calculated applying defined weighting factors to on and off-balance sheet items. The relevant instructions for its calculation are included in the Regulation (EU) 876/2019 of the European Parliament. The regulatory metric on the structural liquidity profile has been integrated with an internal metric called Structural Liquidity Ratio (SLR), that is the ratio between the liabilities and the assets with a contractual/behavioral maturity over 1 year. Both the NSFR and the SLR metric are inserted in the Risk Appetite Framework and in the set of granular liquidity limits and, as such, they are subject to a specific escalation process.

Asset encumbrance is monitored, through the counterbalancing capacity. The sum between the counterbalancing capacity and the cumulative sum of the cash inflows and outflows maturing between the overnight and one year (primary gap) represents the operative maturity ladder that indicates, for each time bucket, the excess of the unencumbered assets over the cumulated liquidity needs of the bank.

This operative maturity ladder is included in the set of granular liquidity limits and, as such, it is subject to a specific escalation process.

Additional metrics to specifically monitor the level of asset encumbrance are also present in the liquidity risk management framework. Among them, the Structural Encumbrance ratio indicates the portion of assets that is encumbered in funding schemes that have an original maturity of more than 1 year.

Declaration by the Manager charged with preparing the financial reports

The undersigned Stefano Porro, in his capacity as the Manager charged with preparing the financial reports of UniCredit S.p.A.

DECLARES

that, pursuant to article 154-bis, paragraph 2, of the "Consolidated Law on Finance", the information disclosed in this document corresponds to the document results, books and accounts records.

Milan, 8 March 2022

Stefano Porro

Annex 1 - Template EU CCA - Main features of regulatory Own Funds instruments and eligible liabilities instruments

The Annex 1 - Template EU CCA is published in the editable format (excel) on the UniCredit website to the link https://www.unicreditgroup.eu/en/investors/financial-reporting/pillar-3-disclosures.html.

Annex 2 - List of templates Regulation (EU) 637/2021

The following templates of UniCredit Group Disclosure Pillar III as at 31 December 2021, required by Regulation (EU) 637/2021, are published in the editable format (excel) on the Group website (https://www.unicreditgroup.eu/en/investors/financial-reporting/pillar-3-disclosures.html).
Moreover, in order to facilitate the understanding of the consistency of the quantitative data between the templates of the present Disclosure, the Annex 2, published in excel format, reports the reconciliation of the regulatory figures represented in the various templates (where applicable).

	Template	Reconciled
1	Template EU CC1 - Composition of regulatory Own Funds	x
2	Template EU CC2 - Reconciliation of regulatory Own Funds to balance sheet in the audited financial statements	x
3	Template EU CCR1 - Analysis of CCR exposure by approach	x
4	Template EU CCR2 - Transactions subject to own funds requirements for CVA risk	x
5	Template EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights	
6	Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale	
7	Template EU CCR5 - Composition of collateral for CCR exposures	
8	Template EU CCR6 - Credit derivatives exposures	
9	Template EU CCR7 - RWEA flow statements of CCR exposures under the IMM	x
10	Template EU CCR8 - Exposures to CCPs	x
11	Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	
12	Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer	x
13	Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.1)	x
14	Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.2)	x
15	Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.3)	x
16	Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (CR10.5)	x
17	Template EU CR4 - Standardised approach - Credit risk exposure and CRM effects	x
18	Template EU CR5 - Standardised approach - Credit risk exposures by regulatory exposure class and risk weights	x
19	Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range	
20	Template EU CR6-A – Scope of the use of IRB and SA approaches	
21	Template EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques	x
22	Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques	x
23	Template EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach	x
24	Template EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale)	
25	Template EU KM1 - Key metrics	x
26	Template EU LIQ1 - Quantitative information of LCR	x
27	Template EU LIQ2 - Net Stable Funding Ratio	x
28	Template EU MR1 - Market risk under the standardised approach	x
29	Template EU MR2-A - Market risk under the Internal Model Approach (IMA)	x
30	Template EU MR2-B - RWEA flow statements of market risk exposures under the IMA	x
31	Template EU MR3 - IMA values for trading portfolios	
32	Template EU OR1 - Operational risk, Own Funds requirements and risk-weighted exposure amount	x
33	Template EU OV1 - Overview of risk weighted exposure amounts	x
34	Template EU AE1 - Encumbered and unencumbered assets	
35	Template EU AE2 - Collateral received and own debt securities issued	
36	Template EU AE3 - Sources of encumbrance	
37	Template EU CQ1 - Credit quality of forborne exposures	
38	Template EU CQ2 - Quality of forbearance	
39	Template EU CQ3 - Credit quality of performing and non-performing exposures by past due days	x
40	Template EU CQ4 - Quality of non-performing exposures by geography	x
41	Template EU CQ5 - Credit quality of loans and advances by industry	x
42	Template EU CQ6 - Collateral valuation - loans and advances	x
43	Template EU CQ7 - Collateral obtained by taking possession and execution processes	
44	Template EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown	

Annex 2 - List of templates Regulation (EU) 637/2021

	Template	Reconciled
45	Template EU CR1 - Performing and non-performing exposures and related provisions	x
46	Template EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries	x
47	Template EU CR1-A - Maturity of exposures	
48	Template EU CR3 - CRM techniques Overview: Disclosure of the use of credit risk mitigation techniques	
49	Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	x
50	Template EU LR2 - LRCom: Leverage ratio common disclosure	x
51	Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	
52	Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories	
53	Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements	
54	Template EU PV1 - Prudent valuation adjustments (PVA)	
55	Template EU SEC1 - Securitisation exposures in the non-trading book	
56	Template EU SEC2 - Securitisation exposures in the trading book	
57	Template EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	x
58	Template EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	x
59	Template EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	
60	Template EU IRRBB1 - Interest rate risks of non-trading book activities (*)	

Note:
(*) Disclosure provided according to EBA/ITS/2021/07 "Draft implementing technical standards amending Implementing Regulation (EU) 637/2021 on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) No 575/2013".

Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation

Basis of consolidation for accounting and prudential purposes - Consolidated entities as at 31 December 2021

NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	METHOD OF REGULATORY CONSOLIDATION				ENTITY CATEGORY
		FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED(**)	
UNICREDIT SPA	Full consolidation	X				BANKS
UNICREDIT BULBANK AD	Full consolidation	X				BANKS
ZAGREBACKA BANKA D.D.	Full consolidation	X				BANKS
UNICREDIT BANK D.D.	Full consolidation	X				BANKS
UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	Full consolidation	X				BANKS
UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	Full consolidation	X				BANKS
UNICREDIT BANK HUNGARY ZRT.	Full consolidation	X				BANKS
UNICREDIT BANK SERBIA JSC	Full consolidation	X				BANKS
UNICREDIT JELZALOGBANK ZRT.	Full consolidation	X				BANKS
UNICREDIT BANK AUSTRIA AG	Full consolidation	X				BANKS
LEASFINANZ BANK GMBH	Full consolidation	X				BANKS
UNICREDIT BANK A.D. BANJA LUKA	Full consolidation	X				BANKS
SCHOELLERBANK AKTIENGESELLSCHAFT	Full consolidation	X				BANKS
UNICREDIT BANKA SLOVENIJA D.D.	Full consolidation	X				BANKS
UNICREDIT BANK AG	Full consolidation	X				BANKS
UNICREDIT BANK S.A.	Full consolidation	X				BANKS
BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH	Full consolidation	X				BANKS
AO UNICREDIT BANK	Full consolidation	X				BANKS
CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING SPA*	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT FACTORING SPA	Full consolidation	X				FINANCIAL COMPANIES
PAI MANAGEMENT LTD	Full consolidation	X				FINANCIAL COMPANIES
PAI (BERMUDA) LIMITED	Full consolidation	X				FINANCIAL COMPANIES
OOO UNICREDIT GARANT	Full consolidation	X				FINANCIAL COMPANIES
HVB CAPITAL LLC	Full consolidation	X				FINANCIAL COMPANIES
HVB CAPITAL LLC II	Full consolidation	X				FINANCIAL COMPANIES
HVB CAPITAL LLC III	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT CAPITAL MARKETS LLC	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP PEIA MANAGEMENT GMBH*	Full consolidation	X				FINANCIAL COMPANIES
HVB FUNDING TRUST II	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING EAD	Full consolidation	X				FINANCIAL COMPANIES
HVB IMMOBILIEN AG	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING FINANCE GMBH*	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	Full consolidation	X				FINANCIAL COMPANIES
HVB LEASING CZECH REPUBLIC S.R.O.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING GMBH*	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING HUNGARY ZRT	Full consolidation	X				FINANCIAL COMPANIES
HVB PROJEKT GMBH	Full consolidation	X				FINANCIAL COMPANIES
STRUCTURED INVEST SOCIETE ANONYME	Full consolidation	X				FINANCIAL COMPANIES
HVB TECTA GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT U.S. FINANCE LLC	Full consolidation	X				FINANCIAL COMPANIES
HVB VERWA 4 GMBH	Full consolidation	X				FINANCIAL COMPANIES
HVB VERWA 4.4 GMBH	Full consolidation	X				FINANCIAL COMPANIES
WEALTH MANAGEMENT CAPITAL HOLDING GMBH*	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING CORPORATION IFN S.A.	Full consolidation	X				FINANCIAL COMPANIES
IMMOBILIENLEASING GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
INTRO LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
JAUSERN-LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT CONSUMER FINANCING EAD	Full consolidation	X				FINANCIAL COMPANIES
KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
LAGERMAX LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
LARGO LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
LEASFINANZ GMBH	Full consolidation	X				FINANCIAL COMPANIES
LEGATO LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING AVIATION GMBH*	Full consolidation	X				FINANCIAL COMPANIES
LINO HOTEL-LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
LIPARK LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO.OG.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT FACTORING EAD	Full consolidation	X				FINANCIAL COMPANIES
MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
MENUETT GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
MM OMEGA PROJEKTENTWICKLUNGS GMBH	Full consolidation	X				FINANCIAL COMPANIES
MOEGRA LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
NOE HYPO LEASING ASTRICTA GRUNDSTUECKVERMIETUNGS GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES

Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation

NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	METHOD OF REGULATORY CONSOLIDATION				ENTITY CATEGORY
		FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED(**)	
OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	Full consolidation	X				FINANCIAL COMPANIES
OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
OOO UNICREDIT LEASING	Full consolidation	X				FINANCIAL COMPANIES
ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	Full consolidation	X				FINANCIAL COMPANIES
FINN ARSENAL LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	Full consolidation	X				FINANCIAL COMPANIES
PELOPS LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
PIANA LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP MANAGEMENT SERVICES GMBH*	Full consolidation	X				FINANCIAL COMPANIES
POSATO LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
PRELUDE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH	Full consolidation	X				FINANCIAL COMPANIES
REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
REAL-RENT LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
SCHOELLERBANK INVEST AG	Full consolidation	X				FINANCIAL COMPANIES
SECA-LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT MOBILIEN UND KFZ LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
SIGMA LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
SONATA LEASING-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
STEWE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
ALLEGRO LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT AURORA LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
ALLIB LEASING S.R.O.	Full consolidation	X				FINANCIAL COMPANIES
UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
ALMS LEASING GMBH.	Full consolidation	X				FINANCIAL COMPANIES
CARD COMPLETE SERVICE BANK AG	Full consolidation	X				FINANCIAL COMPANIES
ALV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
BACA HYDRA LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING SCORPIUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
BAH-OMEGA ZRT.'V.A.'	Full consolidation	X				FINANCIAL COMPANIES
ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
AUSTRIA LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP INVESTORENBETREUUNG GMBH*	Full consolidation	X				FINANCIAL COMPANIES
BA CA SECUND LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
BA-CA ANDANTE LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT BPC MORTGAGE S.R.L.	Full consolidation	X				FINANCIAL COMPANIES

Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation

		METHOD OF REGULATORY CONSOLIDATION				
NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED(**)	ENTITY CATEGORY
UNICREDIT CONSUMER FINANCING IFN S.A.	Full consolidation	X				FINANCIAL COMPANIES
BA-CA LEASING DREI GARAGEN GMBH	Full consolidation	X				FINANCIAL COMPANIES
BA-CA LEASING MAR IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT TECHRENT LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LUNA LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT POLARIS LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BA-CA PRESTO LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING TECHNIKUM GMBH	Full consolidation	X				FINANCIAL COMPANIES
BA/CA-LEASING BETEILIGUNGEN GMBH	Full consolidation	X				FINANCIAL COMPANIES
CORDUSIO SIM SPA	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT OBG S.R.L.	Full consolidation	X				FINANCIAL COMPANIES
BACA CENA IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
PIRTA VERWALTUNGS GMBH	Full consolidation	X				FINANCIAL COMPANIES
BACA KOMMUNALLEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT PEGASUS LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH*	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA, A.S.	Full consolidation	X				FINANCIAL COMPANIES
BAL CARINA IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BAL HESTIA IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	Full consolidation	X				FINANCIAL COMPANIES
BAL HORUS IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BAL HYPNOS IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BAL LETO IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
CASTELLANI LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BAL SOBEK IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA FINANZSERVICE GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT HAMRED LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT KFZ LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT GUSTRA LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING (AUSTRIA) GMBH	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING, LEASING, D.O.O.*	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT STERNECK LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT OK1 LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	Full consolidation	X				FINANCIAL COMPANIES
UCLA AM WINTERHAFEN 11 IMMOBILIENLEASING GMBH & CO OG	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA WOHNBAUBANK AG	Full consolidation	X				FINANCIAL COMPANIES
BAHBETA INGATLANHASZNOSITO KFT.	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OEG	Full consolidation	X				FINANCIAL COMPANIES
BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP LEASING GMBH*	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP EQUITY GMBH*	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP FONDS GMBH*	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP INITIATOREN GMBH*	Full consolidation	X				FINANCIAL COMPANIES
BREWO GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
CA-LEASING OVUS S.R.O.	Full consolidation	X				FINANCIAL COMPANIES
CA-LEASING SENIOREN PARK GMBH	Full consolidation	X				FINANCIAL COMPANIES
CABET-HOLDING GMBH	Full consolidation	X				FINANCIAL COMPANIES
CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING SLOVAKIA A.S.	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT LEASING CZ, A.S.	Full consolidation	X				FINANCIAL COMPANIES
CALG 307 MOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG 443 GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG 445 GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG 451 GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG ANLAGEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG ANLAGEN LEASING GMBH & CO GRUNDSTUECKVERMIETUNG UND - VERWALTUNG KG	Full consolidation	X				FINANCIAL COMPANIES
CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG IMMOBILIEN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
CALG MINAL GRUNDSTUECKVERWALTUNG GMBH	Full consolidation	X				FINANCIAL COMPANIES
CHARADE LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
CHEFREN LEASING GMBH	Full consolidation	X				FINANCIAL COMPANIES
CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES

Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation

NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	METHOD OF REGULATORY CONSOLIDATION				ENTITY CATEGORY
		FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED(**)	
COMMUNA - LEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
CONTRA LEASING-GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
DC BANK AG	Full consolidation	X				FINANCIAL COMPANIES
DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	Full consolidation	X				FINANCIAL COMPANIES
EXPANDA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
FACTORBANK AKTIENGESELLSCHAFT	Full consolidation	X				FINANCIAL COMPANIES
FMZ SAVARIA SZOLGALTATO KORLATOLT FELELOESSEG TARSASAG	Full consolidation	X				FINANCIAL COMPANIES
FMZ SIGMA PROJEKTENTWICKLUNGS GMBH	Full consolidation	X				FINANCIAL COMPANIES
FOLIA LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
FUGATO LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP REAL ESTATE MANAGEMENT GMBH*	Full consolidation	X				FINANCIAL COMPANIES
GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
GEMEINDELEASING GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	Full consolidation	X				FINANCIAL COMPANIES
GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP INVESTMENT SERVICES GMBH*	Full consolidation	X				FINANCIAL COMPANIES
H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG	Full consolidation	X				FINANCIAL COMPANIES
H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING)	Full consolidation	X				FINANCIAL COMPANIES
HERKU LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
HONEU LEASING GESELLSCHAFT M.B.H.	Full consolidation	X				FINANCIAL COMPANIES
GELDILUX-TS-2015 S.A.	Full consolidation	X				FINANCIAL COMPANIES
SUCCESS 2015 B.V.	Full consolidation	X				FINANCIAL COMPANIES
CONSUMER THREE SRL (CARTOLARIZZAZIONE: CONSUMER THREE)	Full consolidation	X				FINANCIAL COMPANIES
MOMENTUM ALLWEATHER STRATEGIES - LONG TERM STRATEG	Full consolidation	X				FINANCIAL COMPANIES
ORBIT PERFORMANCE STRATEGIES - ORBIT US CLASSE I U	Full consolidation	X				FINANCIAL COMPANIES
MOMENTUM LONG TERM VALUE FUND	Full consolidation	X				FINANCIAL COMPANIES
IMPRESA TWO SRL (CARTOLARIZZAZIONE: IMPRESA TWO)	Full consolidation	X				FINANCIAL COMPANIES
WEALTHCAP SPEZIAL- AIF-SV BUERO 8*	Full consolidation	X				FINANCIAL COMPANIES
EBS FINANCE S.R.L.	Full consolidation	X				FINANCIAL COMPANIES
HVB FUNDING TRUST	Full consolidation	X				FINANCIAL COMPANIES
HVB FUNDING TRUST III	Full consolidation	X				FINANCIAL COMPANIES
EUROPEAN-OFFICE-FONDS	Full consolidation	X				FINANCIAL COMPANIES
ALTUS ALPHA PLC	Full consolidation	X				FINANCIAL COMPANIES
EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND)	Full consolidation	X				FINANCIAL COMPANIES
REAL INVEST EUROPE DER BANK AUSTRIA REAL INVEST IMMOBILIEN- KAPI	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT BPC MORTAGE SRL (COVERED BONDS)	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT OBG SRL (COVERED BONDS)	Full consolidation	X				FINANCIAL COMPANIES
CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: CAPITAL MORTGAGE 2007 - 1)	Full consolidation	X				FINANCIAL COMPANIES
F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES 2005)	Full consolidation	X				FINANCIAL COMPANIES
F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES SERIES 1 - 2003)	Full consolidation	X				FINANCIAL COMPANIES
CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS SECURITISATION - SERIE 2007)	Full consolidation	X				FINANCIAL COMPANIES
CORDUSIO RMBS - UCFIN SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS UCFIN - SERIE 2006)	Full consolidation	X				FINANCIAL COMPANIES
ARENA NPL ONE S.R.L. (CARTOLARIZZAZIONE 2014)	Full consolidation	X				FINANCIAL COMPANIES
UNICREDIT SERVICES S.C.P.A.	Full consolidation	X				INSTRUMENTAL COMPANIES
UNICREDIT DIRECT SERVICES GMBH	Full consolidation	X				INSTRUMENTAL COMPANIES
HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	Full consolidation	X				INSTRUMENTAL COMPANIES
HVZ GMBH & CO. OBJEKT KG	Full consolidation	X				INSTRUMENTAL COMPANIES
HYPO-BANK VERWALTUNGSZENTRUM GMBH & CO. KG OBJEKT ARABELLASTRASSE	Full consolidation	X				INSTRUMENTAL COMPANIES
TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG	Full consolidation	X				INSTRUMENTAL COMPANIES
TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1	Full consolidation	X				INSTRUMENTAL COMPANIES
UNICREDIT FLEET MANAGEMENT EOOD	Full consolidation	X				INSTRUMENTAL COMPANIES
UNICREDIT SERVICES GMBH	Full consolidation	X				INSTRUMENTAL COMPANIES
MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	Full consolidation	X				INSTRUMENTAL COMPANIES
PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG	Full consolidation	X				INSTRUMENTAL COMPANIES
ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG	Full consolidation	X				INSTRUMENTAL COMPANIES
PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	Full consolidation	X				INSTRUMENTAL COMPANIES
SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM	Full consolidation	X				INSTRUMENTAL COMPANIES
SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND	Full consolidation	X				INSTRUMENTAL COMPANIES
POLLUX IMMOBILIEN GMBH	Full consolidation	X				INSTRUMENTAL COMPANIES
SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE (IN LIQUIDAZIONE)	Full consolidation	X				INSTRUMENTAL COMPANIES
CRIVELLI SRL	Full consolidation	X				INSTRUMENTAL COMPANIES
BA GEBAEUDEVERMIETUNGSGMBH	Full consolidation	X				INSTRUMENTAL COMPANIES
BA GVG-HOLDING GMBH	Full consolidation	X				INSTRUMENTAL COMPANIES

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		METHOD OF REGULATORY CONSOLIDATION				
NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED(**)	ENTITY CATEGORY
UNICREDIT LEASED ASSET MANAGEMENT SPA*	Full consolidation	X				INSTRUMENTAL COMPANIES
BAYERISCHE WOHNUNGSGESELLSCHAFT FUER HANDEL UND INDUSTRIE, GESELLSCHAFT MIT BESCHRAENKTER HAFTUNG	Full consolidation	X				INSTRUMENTAL COMPANIES
OMNIA GRUNDSTUECKS-GMBH & CO. OBJEKT PERLACH KG	Full consolidation	X				INSTRUMENTAL COMPANIES
GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF	Full consolidation	X				INSTRUMENTAL COMPANIES
HAWA GRUNDSTUCKS GMBH & CO OHG IMMOBILIENVERWALTUNG	Full consolidation	X				INSTRUMENTAL COMPANIES
MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG	Full consolidation	X				OTHER COMPANIES
ROLIN GRUNDSTUCKSPLANUNGS- UND -VERWALTUNGSGESELLSCHAFT MBH*	Full consolidation	X				OTHER COMPANIES
UNIVERSALE INTERNATIONAL REALITAETEN GMBH	Full consolidation	X				OTHER COMPANIES
UCTAM BALTICS SIA	Full consolidation	X				OTHER COMPANIES
UCTAM RU LIMITED LIABILITY COMPANY	Full consolidation	X				OTHER COMPANIES
UCTAM D.O.O. BEOGRAD	Full consolidation	X				OTHER COMPANIES
UCTAM BULGARIA EOOD	Full consolidation	X				OTHER COMPANIES
UCTAM CZECH REPUBLIC SRO	Full consolidation	X				OTHER COMPANIES
WEALTHCAP ENTITY SERVICE GMBH*	Full consolidation	X				OTHER COMPANIES
WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG*	Full consolidation	X				OTHER COMPANIES
WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG*	Full consolidation	X				OTHER COMPANIES
UCTAM SVK S.R.O.*	Full consolidation	X				OTHER COMPANIES
UCTAM BH D.O.O.	Full consolidation	X				OTHER COMPANIES
WEALTHCAP SPEZIAL WOHNEN 1 KOMPLEMENTAR GMBH*	Full consolidation	X				OTHER COMPANIES
WEALTHCAP OBJEKT DRESDEN GMBH & CO. KG*	Full consolidation	X				OTHER COMPANIES
WEALTHCAP WOHNEN 1B GMBH &CO. KG*	Full consolidation	X				OTHER COMPANIES
WEALTHCAP OBJEKT BERLIN III GMBH & CO. KG*	Full consolidation	X				OTHER COMPANIES
WEALTHCAP OBJEKT-VORRAT 39 GMBH & CO. KG*	Full consolidation	X				OTHER COMPANIES
UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	Full consolidation	X				OTHER COMPANIES
WEALTHCAP VORRATS-2 GMBH*	Full consolidation	X				OTHER COMPANIES
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 8 KG*	Full consolidation	X				OTHER COMPANIES
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 9 KG*	Full consolidation	X				OTHER COMPANIES
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 10 KG*	Full consolidation	X				OTHER COMPANIES
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 11 KG*	Full consolidation	X				OTHER COMPANIES
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 12 KG*	Full consolidation	X				OTHER COMPANIES
OBERBANK AG	Equity method				X	BANKS
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	Equity method				X	BANKS
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	Equity method				X	BANKS
BKS BANK AG	Equity method				X	BANKS
ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJE OBVEZNIM I DOBROVOLJNIM MIROVINSKIM FONDOVIMA	Equity method				X	FINANCIAL COMPANIES
UNICREDIT LEASING FLEET MANAGEMENT S.R.L.	Full consolidation			X		FINANCIAL COMPANIES
UNICREDIT INSURANCE BROKER EOOD	Full consolidation			X		FINANCIAL COMPANIES
UNICREDIT INSURANCE BROKER SRL	Full consolidation			X		FINANCIAL COMPANIES
HETA BA LEASING SUED GMBH	Equity method				X	FINANCIAL COMPANIES
WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG	Equity method				X	FINANCIAL COMPANIES
UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG	Full consolidation			X		FINANCIAL COMPANIES
NOTARTREUHANDBANK AG	Equity method				X	FINANCIAL COMPANIES
OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH	Equity method				X	FINANCIAL COMPANIES
PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H.	Equity method				X	FINANCIAL COMPANIES
RCI FINANCIAL SERVICES S.R.O.	Equity method				X	FINANCIAL COMPANIES
UNI GEBAEUDEMANAGEMENT GMBH	Equity method			X		FINANCIAL COMPANIES
SOCIETA' DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ.	Full consolidation				X	FINANCIAL COMPANIES
MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE	Equity method			X		FINANCIAL COMPANIES
PSA PAYMENT SERVICES AUSTRIA GMBH	Equity method				X	FINANCIAL COMPANIES
BARN BV	Equity method				X	FINANCIAL COMPANIES
ASSET BANCARI II	Equity method				X	FINANCIAL COMPANIES
UNICREDIT INSURANCE MANAGEMENT CEE GMBH	Full consolidation				X	FINANCIAL COMPANIES
ANTHEMIS EVO LLP	Full consolidation			X		FINANCIAL COMPANIES
LEASFINANZ ALPHA ASSETVERMIETUNG GMBH	Full consolidation			X		FINANCIAL COMPANIES
UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH	Full consolidation			X		FINANCIAL COMPANIES
UNICREDIT CENTER AM KAISERWASSER GMBH	Full consolidation			X		FINANCIAL COMPANIES
BIL LEASING-FONDS VERWALTUNGS-GMBH*	Full consolidation			X		FINANCIAL COMPANIES
UNICREDIT FLEET MANAGEMENT S.R.O.	Full consolidation			X		FINANCIAL COMPANIES
UNICREDIT FLEET MANAGEMENT S.R.O.	Full consolidation			X		FINANCIAL COMPANIES
CBD INTERNATIONAL SP.ZO.O.	Equity method			X		FINANCIAL COMPANIES
FIDES LEASING GMBH	Equity method				X	FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 37 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 38 DAC	Full consolidation	X				FINANCIAL COMPANIES
ROSENKAVALIER 2015 UG	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 43 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 46 DAC	Full consolidation	X				FINANCIAL COMPANIES
ICE CREEK POOL NO. 5 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 54 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 57 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 56 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 64 DAC	Full consolidation	X				FINANCIAL COMPANIES
ICE CREEK POOL NO.1 DAC	Full consolidation	X				FINANCIAL COMPANIES

Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation

		METHOD OF REGULATORY CONSOLIDATION				
NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED(*)	ENTITY CATEGORY
ELEKTRA PURCHASE NO. 71 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 69 DAC	Full consolidation	X				FINANCIAL COMPANIES
ICE CREEK POOL NO.2 DAC	Full consolidation	X				FINANCIAL COMPANIES
ROSENKAVALIER 2020 UG	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 74 DAC	Full consolidation	X				FINANCIAL COMPANIES
ICE CREEK POOL NO.3 DAC	Full consolidation	X				FINANCIAL COMPANIES
ARABELLA FINANCE DAC	Full consolidation	X				FINANCIAL COMPANIES
ROSENKAVALIER 2008 GMBH	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 28 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 911 LTD	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 31 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 32 S.A.	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 36 DAC	Full consolidation	X				FINANCIAL COMPANIES
ELEKTRA PURCHASE NO. 33 DAC	Full consolidation	X				FINANCIAL COMPANIES
AVIVA SPA	Equity method				X	INSURANCE COMPANIES
CREDITRAS ASSICURAZIONI SPA	Equity method				X	INSURANCE COMPANIES
CREDITRAS VITA SPA	Equity method				X	INSURANCE COMPANIES
INCONTRA ASSICURAZIONI S.P.A.	Equity method				X	INSURANCE COMPANIES
CNP UNICREDIT VITA S.P.A.	Equity method				X	INSURANCE COMPANIES
LOCAT CROATIA DOO	Full consolidation			X		OTHER COMPANIES
ALPHA RENT DOO BEOGRAD	Full consolidation			X		OTHER COMPANIES
UNICREDIT BETEILIGUNGS GMBH	Full consolidation			X		OTHER COMPANIES
WEALTHCAP PEIA KOMPLEMENTAR GMBH*	Full consolidation			X		OTHER COMPANIES
ISB UNIVERSALE BAU GMBH	Full consolidation			X		OTHER COMPANIES
OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG	Full consolidation			X		OTHER COMPANIES
OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG	Full consolidation			X		OTHER COMPANIES
ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. OBERBAUM CITY KG	Full consolidation			X		OTHER COMPANIES
RANA-LIEGENSCHAFTSVERWERTUNG GMBH	Full consolidation			X		OTHER COMPANIES
SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	Full consolidation			X		OTHER COMPANIES
SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	Full consolidation			X		OTHER COMPANIES
T & P FRANKFURT DEVELOPMENT B.V.	Full consolidation			X		OTHER COMPANIES
T & P VASTGOED STUTTGART B.V.	Full consolidation			X		OTHER COMPANIES
TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	Full consolidation			X		OTHER COMPANIES
TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	Full consolidation			X		OTHER COMPANIES
V.M.G. VERMIETUNGSGESELLSCHAFT MBH*	Full consolidation			X		OTHER COMPANIES
ZAPADNI TRGOVACKI CENTAR D.O.O.	Full consolidation			X		OTHER COMPANIES
ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	Full consolidation			X		OTHER COMPANIES
CAMFIN S.P.A.	Equity method			X		OTHER COMPANIES
NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	Full consolidation			X		OTHER COMPANIES
SANITA' - S.R.L. IN LIQUIDAZIONE	Full consolidation			X		OTHER COMPANIES
CASH SERVICE COMPANY AD	Equity method			X		OTHER COMPANIES
DA VINCI S.R.L.	Equity method			X		OTHER COMPANIES
COMTRADE GROUP B.V.	Equity method			X		OTHER COMPANIES
RISANAMENTO SPA*	Equity method			X		OTHER COMPANIES
NF OBJEKTE BERLIN GMBH	Full consolidation			X		OTHER COMPANIES
NF OBJEKT FFM GMBH	Full consolidation			X		OTHER COMPANIES
BORGO DI PEROLLA SRL*	Full consolidation			X		OTHER COMPANIES
FONDIARIA LASA SPA	Full consolidation			X		OTHER COMPANIES
COMPAGNIA FONDIARIA ROMANA - SOCIETA' A RESPONSABILITA' LIMITATA	Full consolidation			X		OTHER COMPANIES
KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG	Full consolidation			X		OTHER COMPANIES
VISCONTI SRL	Full consolidation			X		OTHER COMPANIES
WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 38 KOMPLEMENTAR GMBH*	Full consolidation			X		OTHER COMPANIES
VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG	Full consolidation			X		OTHER COMPANIES
BF NINE HOLDING GMBH	Full consolidation			X		OTHER COMPANIES
COMPAGNIA AEREA ITALIANA S.P.A.	Equity method			X		OTHER COMPANIES
UNICREDIT SUBITO CASA SPA	Full consolidation			X		OTHER COMPANIES
OT-OPTIMA TELEKOM DD*	Full consolidation			X		OTHER COMPANIES
UNICREDIT LEASING INSURANCE SERVICES S.R.O.	Full consolidation			X		OTHER COMPANIES
WEICKER S. A R.L.	Full consolidation			X		OTHER COMPANIES
WEALTHCAP IMMOBILIENANKAUF KOMPLEMENTAER GMBH*	Full consolidation			X		OTHER COMPANIES
WEALTHCAP OBJEKT STUTTGART III GMBH & CO. KG*	Full consolidation			X		OTHER COMPANIES
WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER GMBH*	Full consolidation			X		OTHER COMPANIES
WEALTHCAP EQUITY MANAGEMENT GMBH*	Full consolidation			X		OTHER COMPANIES
WEALTHCAP INVESTMENTS INC.*	Full consolidation			X		OTHER COMPANIES
CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY	Full consolidation			X		OTHER COMPANIES
UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O.	Full consolidation			X		OTHER COMPANIES
UNICREDIT BROKER S.R.O.	Full consolidation			X		OTHER COMPANIES
DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H.	Full consolidation			X		OTHER COMPANIES
H.F.S. IMMOBILIENFONDS GMBH*	Full consolidation			X		OTHER COMPANIES
H.F.S. LEASINGFONDS GMBH*	Full consolidation			X		OTHER COMPANIES
WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 36 KOMPLEMENTAR GMBH*	Full consolidation			X		OTHER COMPANIES
HAWA GRUNDSTUCKS GMBH & CO. OHG HOTELVERWALTUNG	Full consolidation			X		OTHER COMPANIES
PENSIONSKASSE DER HYPO VEREINSBANK VVAG	Full consolidation	X				OTHER COMPANIES

Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation

NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	METHOD OF REGULATORY CONSOLIDATION: FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED(**)	ENTITY CATEGORY
BARD HOLDING GMBH	Full consolidation			X		OTHER COMPANIES
BARD ENGINEERING GMBH	Full consolidation			X		OTHER COMPANIES

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.
(**) With reference to 31 December 2021, UniCredit exceeds the thresholds related to significant investments in CET1 instruments issued by financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences, generating a capital deduction from Common Equity Tier 1 Capital of €577million (of which the deduction on significant investments in financial sector entities is €330 million). In particular, 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 in financial sector entities in which UniCredit has a significant investment exceeds the threshold of 17.65% of the residual amount of Common Equity Tier 1 items after applying the adjustments and deductions in CRR Articles 32 to 36 in full.
It is worth mentioning that the amount above mentioned does not consider the effects related to the transitional adjustments referred to IFRS9.

Annex 3 - Template EU LI3 - Outline of the differences in the scopes of consolidation

Names of all subsidiaries not included in the basis of consolidation and aggregate amount of their capital deficiencies with respect to any mandatory capital requirements.

Here follows a list of the banking, financial and instrumental companies directly or indirectly controlled by UniCredit S.p.A. registered in the Banking Group that are held at cost due to immateriality.
As at 31 December 2021, for these companies no capital deficiencies with respect to the any mandatory capital requirements were disclosed.

COMPANY NAME	TYPE	HEADQUARTER	
		TOWN	COUNTRY
B.I. INTERNATIONAL LIMITED	FINANCIAL COMPANIES(*)	GEORGE TOWN	CAYMAN ISLANDS
HVB EXPORT LEASING GMBH	FINANCIAL COMPANIES(*)	MUNICH	GERMANY
HVBFF INTERNATIONAL GREECE GMBH	FINANCIAL COMPANIES	MUNICH	GERMANY
HVBFF INTERNATIONALE LEASING GMBH	FINANCIAL COMPANIES(*)	MUNICH	GERMANY
HVBFF OBJEKT BETEILIGUNGS GMBH	FINANCIAL COMPANIES(*)	MUNICH	GERMANY
HYPO-BANK VERWALTUNGSZENTRUM GMBH	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	MUNICH	GERMANY
ZANE BH DOO	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	SARAJEVO	BOSNIA AND HERZEGOVINA
PALAIS ROTHSCHILD VERMIETUNGS GMBH	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	VIENNA	AUSTRIA
ZB INVEST D.O.O. ZA UPRAVLJANJE INVESTICIJSKIM FONDOVIMA	FINANCIAL COMPANIES(*)	ZAGREB	CROATIA
REDSTONE MORTGAGES LIMITED	FINANCIAL COMPANIES(*)	LONDON	UNITED KINGDOM
UNICREDIT MYAGENTS SRL	FINANCIAL COMPANIES(*)	BOLOGNA	ITALY
WEALTHCAP STIFTUNGSTREUHAND GMBH	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	MUNICH	GERMANY
AI BETEILIGUNGS GMBH	FINANCIAL COMPANIES(*)	VIENNA	AUSTRIA
BA CA LEASING (DEUTSCHLAND) GMBH	FINANCIAL COMPANIES(*)	HAMBURG	GERMANY
HVB LONDON INVESTMENTS (AVON) LIMITED	FINANCIAL COMPANIES(*)	LONDON	UNITED KINGDOM
BA ALPINE HOLDINGS, INC.	FINANCIAL COMPANIES(*)	WILMINGTON	U.S.A.
UNICREDIT GLOBAL LEASING EXPORT GMBH	FINANCIAL COMPANIES(*)	VIENNA	AUSTRIA
ZAGREB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	ZAGREB	CROATIA
DINERS CLUB POLSKA SP.Z.O.O.	FINANCIAL COMPANIES	WARSAW	POLAND
ALPINE CAYMAN ISLANDS LTD.	FINANCIAL COMPANIES(*)	GEORGE TOWN	CAYMAN ISLANDS
BIL LEASING-FONDS GMBH & CO VELUM KG	FINANCIAL COMPANIES(*)	GRUENWALD	GERMANY
FOOD & MORE GMBH	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	MUNICH	GERMANY
HVB HONG KONG LIMITED	FINANCIAL COMPANIES(*)	HONG KONG	CHINA
BAH-KAPPA KFT. V.A.	FINANCIAL COMPANIES	BUDAPEST	HUNGARY
HVB SECUR GMBH	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	MUNICH	GERMANY
DINERS CLUB CS, S.R.O.	FINANCIAL COMPANIES	BRATISLAVA	SLOVAKIA
HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	VIENNA	AUSTRIA
VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH	OTHER COMPANIES/ INSTRUMENTAL COMPANIES(*)	MUNICH	GERMANY

Note:
(*) Company belonging to the Banking Group consolidated at cost due to immateriality.

Glossary

ITEM	DESCRIPTION
ABCP Conduits - Asset Backed Commercial Paper Conduits	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). Commercial Paper generally matures in 270 days, with payment of principal and interest depending on the cash flow generated by the underlying assets. 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. An ABCP Conduit will have the following: • issues of short-term paper creating a maturity mismatch between the assets held and the paper issued; • liquidity lines covering the maturity mismatch; and • security covering default risk in respect of both specific assets and the entire programme.
ABS - Asset Backed Securities	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.
Allocated capital	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.
ALM - Asset & Liability Management	Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimise the risk/return ratio.
AMA - Advanced Measurement Approach	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.
AVA - Additional value adjustments	Deduction from Common Equity Tier 1 capital, in accordance to article 34 of the Regulation (EU) 575/2013 (CRR) setting that “Institutions shall apply the requirements of article 105 to all their assets measured at fair value when calculating the amount of their own funds and shall deduct from Common Equity Tier 1 capital the amount of any additional value adjustments necessary”.
Back-testing	Statistical technique which entails the comparison of model estimates of risk parameters with the ex-post empirical evidences.
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 (i.e. irrespective of whether any, secured or personal, guarantees covering the exposures).
Banking Book	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.
Basel 2	New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks. Such prudential regulation, which came into force in Italy in 2008, is based on three pillars. Pillar 1 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; Pillar 2 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; Pillar 3 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.

Glossary

ITEM	DESCRIPTION
Basel 3	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".
Best practice	Behaviour commensurated with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.
BRRD -Bank Recovery and Resolution Directive	European Directive that introduced harmonised roules on the recovery and resolution of credit institutions and investment firms.
CCF - Credit Conversion Factor	Ratio between (a) the unused portion of the line of credit that it is estimated may be used in the event of default and (b) the portion currently unused.
CDO - Collateralised Debt Obligations	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. 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. These bonds may be further subdivided as follows: • CDOs of ABSs, which in turn have tranches of ABSs as underlyings; • Commercial Real Estate CDOs (CRE CDOs), with commercial property loans as underlyings; • 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; • 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; • Preferred Stock CDOs with hybrid debt/equity instruments or Preference shares (see item) issued by financial institutions; • 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.
CDS - Credit Default Swap	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.
CIU - Collective Investment Undertakings	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.
Collateral held	Impact of collateral on the netted current exposure of derivatives and SFTs transactions, including the volatility adjustments as defined in the application of Part Two, Title III, Chapter 4 and Chapter 6 of the CRR. This include the impact of any collateral that would be eligible for CRM or that would have an impact on the netted current credit exposure.
Collateral Posted	It represents the amount of collateral that the Bank has to pay to the Counterparty to mitigate the exposure of the Counterparty toward the Bank against possible changes in the value of derivative and SFT transactions.
Commodity risk	The risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.
COREP - Common Reporting	The prudential report introduced by the EEA and the EBA with the "Capital Requirements Directive IV" (CRD IV), containing data about credit risk, market risk, operational risk, own funds and capital adequacy indexes, structured in a standard template.
Corporate	Customer segment consisting of medium to large businesses.
Cost of risk	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.
Counterparty Credit Risk	The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.
Covered bond	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).
CRD - Capital Requirement Directive	Directives (EU) 2006/48 and 2006/49, incorporated into Banca d'Italia Circular No.263/2006 of 27 December 2006 as amended. 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.

Glossary

ITEM	DESCRIPTION
CRD V	Amendment to the CRD IV "Package".
Credit Quality Step (or creditworthiness)	Step, based on external ratings, used to assign risk weights under credit risk Standardised Approach.
Credit risk	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.
Creditworthiness (or Credit quality step)	See item "Credit quality step".
CRM	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.
Cross-product netting	Refers to exposures, including both derivatives and SFTs netted at counterparty level.
CRR - Capital Requirements Regulation	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.
CRR2	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).
Currency risk	The risk that the value of the instrument decreases due to foreign exchange rates changes.
CVA - Credit Valuation Adjustment	Adjustment to the valuation of a portfolio of transactions reflecting the market value of the counterparties' credit risk.
Cyber security risk	Cyber security risk is the probability of exposure or loss resulting from a cyber-attack or data breach on the organization.
Daily VaR	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.
Default	A party's declared inability to honor its debts and/or the payment of the associated interest.
Duration	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.
EAD - Exposure At Default	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.
Earnings at risk	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.
EBA - European Banking Authority	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.
ECB - European Central Bank	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.
Economic capital	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.
Economic value	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.
EL - Expected Losses	Expected Losses are the losses recorded on average over a one year period on each exposure (or pool of exposures).
Eligible Collateral	Refers to collateral which allows a reduction of the credit risk capital requirements.
ELOR - Expected Losses on Revenues	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.
Equity risk	The risk that the value of the instrument decreases due to stock or index prices changes.
ESG - Environmental, Social and Governance	Refers to criteria used to measure the environmental, social and governance impact of the company and highlight the sustainability of its initiatives.
ESMA - European Securities and Markets Authority	Authority the works in the field of securities legislation and regulation to improve the functioning of financial markets in Europe.

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ITEM	DESCRIPTION
EVA - Economic Value Added	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.
Expected Shortfall	Risk measure representing the expected loss of a portfolio or a counterparty calculated in the scenarios of loss exceeding the VaR.
Fair value	The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.
FINREP	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).
FL - Forward looking	IFRS9 adjustment that allows to reflect in the credit parameters the expectations about the future evolution of the economic cycle.
Forbearance/Forborne exposures	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").
Foreign exchange movements	Changes arising from foreign currency exchange rate volatility.
Forwards	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.
FRTB - Fundamental Review of Trading Book	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 reforme is often named as "Basel IV".
Full Revaluation Approach	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.
Funding	Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.
Futures	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.
FVOCI	Financial asset at Fair Value through Other Comprehensive Income.
FVtPL	Financial Assets at Fair Value through Profit and Loss.
G-SIIs Institutions	Institutions classified as "Global Systemically Important Institutions", in accordance with the article 131 of Directive 2013/36/EU. These institutions represent a higher risk for the financial system and their failure may have potential impact on the taxpayers.
GW BANKS	IRB calculation model - Group Wide model Financial Institution & Banks.
GW MNC	IRB calculation model - Group Wide Multinational Corporate.
Hedge Fund	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.
IAS/IFRS	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).
ICAAP - Internal Capital Adequacy Assessment Process	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.
ILC - Italian Large Corporate	IRB calculation model - Italian Large Corporate.
IMA - Internal Model Approach	Internal Models Approach is an approach to calculate market risk capital requirement using internal models.

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ITEM	DESCRIPTION
Impairment	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.
Initial margin	Margin posted to the CCP to cover risk arising from potential future exposure stemming from trading activity with clearing members and, where relevant, interoperable CCPs in the interval between the last margin collection and the liquidation of positions following a default of a clearing member or of an interoperable CCP default. Initial Margin can also be exchanged between third parties in case both of them are subject to Regulation (EU) 2251/2016 (New Margin Requirements).
Interest rate risk - (IRR)	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.
Investor	Any entity other than the Sponsor (see item) or Originator (see item) with exposure to a securitisation.
IRB - Internal Rating Based	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.
IRC - Incremental Risk Charge	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.
Junior, Mezzanine and Senior exposures	In a securitisation transaction, the exposures may be classified as follows: • junior exposures are the last to be repaid, and consequently absorb the first loss produced by the securitisation transaction; • mezzanine exposures are those with medium repayment priority, between senior and junior; • senior exposures are the first to be repaid.
KPI - Key Performance Indicators	Set of indicators used to evaluate the performance of a business activity or process.
LCR - Liquidity Coverage Ratio	Ratio of a credit institution's liquidity buffer to its net liquidity outflows over a 30 calendar day stress period.
Leverage ratio	Is a measure which allows for the assessment of institutions' exposure to the risk of excessive leverage.
LGD - Loss Given Default	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).
Liquidity risk	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).
M - Maturity	The average, for a given exposure, of the residual contractual maturities, each weighted for the relevant amount.
Market risk	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.
MREL - Minimum requirement for eligible liabilities	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.
NOPAT - Net Operating Profit After Tax	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.
Notch	Level, referred to a scale.
NPE - Non-performing exposures	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.

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ITEM	DESCRIPTION
Operational risk	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.
Originator	The entity that originated the assets to be securitised or acquired them from others.
OTC - Over The Counter	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.
Past Due	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.
Payout ratio	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.
PD - Probability of Default	Probability of a counterparty entering into a situation of "default" (see item) within a time horizon of one year.
PEPP - Pandemic Emergency Purchase Programme	Massive new stimulus package from the ECB to support the eurozone economy as a response to the Covid-19 (coronavirus) crisis.
Preference shares	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.
Prefunded default fund contributions	Pre-funded contribution to the default fund of a CCP means a contribution to the default fund of a CCP that is paid in by an institutions. Default Fund means a fund established by a CCP in accordance with article 42 of Regulation (EU) 648/2012 and used in accordance with article 45 of that Regulation.
Private equity	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.
Purchase companies	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.
PVA (Prudent Valuation)	Standards for valuation of the all trading book positions and non-trading book positions measured at fair value, specified in the article 105 of the Regulation (EU) 575/2013 (CRR) as amended by Regulation (EU) 2019/876 ("CRR2").
RACE	Indicator of Risk Adjusted Credit Efficiency.
Rating	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.
Replacement cost	The replacement cost under the mark-to-market method is the current exposure value, meaning the larger of zero and the market value of a transaction or portfolio of transactions within a netting set with a counterparty that would be lost upon the default of the counterparty, assuming no recovery on the value of those transactions in insolvency or liquidation.
Reputational risk	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.
Retail	Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.
RIC	IRB calculation model - Integrated Corporate Rating.
RIP	IRB calculation model - Integrated Private Rating.
RISB	IRB calculation model - Rating Integrated Small Business (Small Business Integrate Rating).

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ITEM	DESCRIPTION
RNIME - Risk Not in the Model Engines	Framework that provides an estimate on the completeness of the risk factors included in VaR, SVaR and IRC.
RTS	Regulatory Technical Standards supplementing Regulation (EU) 575/2013 (CRR) and Directive 2013/36/EU (CRD).
RWEA - Risk Weighted Exposure Amount	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.
Securitisation	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.
Segregated Collateral	Refers to collateral that is held in a bankruptcy-remote manner in the meaning of article 300 in the CRR.
Sensitivity	The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.
SFTs	Any repurchase transactions, securities or commodities lending or borrowing transactions in accordance with the applicable accounting framework that has its exposure value calculated in accordance with Part Three, Title II, Chapter 6 of the CRR.
Sponsor	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.
SPV - Special Purpose Vehicle	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.
Stress Test	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.
Subprime (Residential Mortgages)	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.
SVaR - Stressed VaR	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.
Swap	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.
TLAC -Total Loss Absorbing Capacity	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.
TLTRO - Target Long Term Refinancing operations	Open market operations conducted by the ECB for the management of interest rates and liquidity in the Eurozone.
TTC - Through the cycle	Calibration type of the credit parameters on a horizon that considers the entire economic cycle.
UCITS - Undertakings for Collective Investment in Transferable Securities	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.

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ITEM	DESCRIPTION
UGRM - UniCredit global Risk Monitor	The pool of software applications, IT structure and database used by the Group for the financial risk analysis.
UL - Unexpected Losses	Unexpected Losses are the losses exceeding the expected losses.
Underlying Net Profit	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.
Unfunded default fund contributions	Contributions that an institution acting as a clearing member has contractually committed to provide to a CCP after the CCP has depleted its default fund to cover the losses it incurred following the default of one or more of its clearing members.
Unlikely to Pay	The classification in this category is the result of the judgment of the bank about the unlikeliness, 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.
Unrated Exposure	Exposures for which a credit assessment by a nominated ECAI is not available.
Unsegregated Collateral	Refers to collateral that is not held in a bankruptcy-remote manner.
VaR - Value at Risk	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.

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