

Milan, 3 May 2023

## UNICREDIT: 1Q23 GROUP RESULTS

### CONTINUED TRANSFORMATION DELIVERING BEST FIRST QUARTER EVER AND 9<sup>th</sup> CONSECUTIVE QUARTER OF IMPROVED RESULTS ON ALL FRONTS

**Acceleration of UniCredit Unlocked delivering consistent, high-quality profitable growth: outstanding €2.1 billion net profit<sup>1</sup>, RoTE<sup>2</sup> of 20.4% and organic capital generation of €3.4 billion**

**Net revenue growth of 56.5% year on year driven by commercial momentum in all key lines with NII of €3.3 billion and fees of €2.0 billion**

**Further cost and RWA reduction resulting in a Cost-Income ratio of 39.2% and net revenues on RWA of 7.7% achieving exceptional positive operating and capital leverage**

**Outstanding shareholder value creation year on year with EPS of 1.06, up from 0.13 and Tangible Book Value per share of 28.46, up 21.7%<sup>3</sup>**

**Improved FY23 guidance: net profit<sup>1,4</sup> of over €6.5 billion and distribution equal to or higher than €5.75 billion<sup>5</sup>, setting a new base for 2023 and beyond**

**Robust balance sheet with best-in-class CET1 ratio at 16.05% net of the €5.25 billion 2022 shareholder distribution and €0.7 billion 1Q23 accrued dividend**

**Strong liquidity profile with LCR at 163%<sup>6</sup>**

**High quality asset portfolio and lines of defence give ability to weather unexpected stress; Cost of Risk guidance for FY23 confirmed at 30-35 basis points**

**Supporting and empowering communities to progress, with increased investments to support youth and education in Europe and deliver on the Group's social commitment**

On 2 May 2023, the Board of Directors of UniCredit S.p.A. ("UniCredit" or "the Group") approved the 1Q23 Consolidated Results as of 31 March 2023.

The record-breaking quarter is proof that UniCredit is a transformed bank with a stepped up, consistent and sustainable profitability run rate. The Group has made significant progress in the execution of UniCredit Unlocked and is now entering the second phase of the industrial plan, with further untapped potential.

<sup>1</sup> "Net profit" (new definition): means "Stated net profit" adjusted for impacts from DTAs tax loss carry forward resulting from sustainability test;

"Stated net profit": means accounting net profit;

"Net profit after AT1/CASHES coupons" (the base for cash dividend accrual): means net profit, as defined above, adjusted from impacts from AT1 and CASHES coupons.

<sup>2</sup> Calculated at 13.0% CET1 ratio.

<sup>3</sup> TBVpS year on year delta of 21.7% is the growth rate between 1Q23 TBVpS of 28.46 plus 0.99 FY22 cash DPS and 1Q22 TBVpS (including FY21 cash DPS).

<sup>4</sup> Net profit guidance for 2023 of over €6.5 billion is pre AT1 and CASHES coupons, which for FY23 are expected to be at circa €0.4 billion after tax, and post-integration costs, which for FY23 are expected to be circa €0.3 billion before tax.

<sup>5</sup> Subject to supervisory and shareholder approvals.

<sup>6</sup> End of period value.

# Empowering Communities to Progress. |

The Group has delivered superior revenue growth driven by a favourable interest rate environment combined with well managed deposit beta and strong commercial momentum. This has resulted in €5.8 billion of net revenues in 1Q23, an increase of 56.5% year on year. It reflects consistent quality growth, delivering on all key levers across all businesses, underpinned by net interest income (“NII”) of €3.3 billion, €2.0 billion of fees, €2.3 billion in costs and €0.1 billion loan loss provisions (“LLPs”). Net of the TLTRO, Tiering and Excess liquidity fee contribution booked in 4Q22, net revenues grew 22.3% quarter on quarter and grew 65.4% year on year underpinned by the strength of the commercial franchise and progress on the industrial transformation.

LLPs, at €0.1 billion in 1Q23 decreased 82.5% quarter on quarter and were down substantially year on year, also due to the LLPs proactively booked against Russia exposure in 1Q22. The Group has strong lines of defence and a resilient credit portfolio quality with high NPE coverage as well as the existing €1.8 billion overlays. Altogether it results in a structurally low Cost of Risk (“CoR”) of 8 basis points in 1Q23, and an unchanged CoR guidance of 30-35 basis points for FY23, with potential tailwinds that could drive it lower.

In 1Q23 operational costs were €2.3 billion, reduced by 5.8% quarter on quarter and by 0.6% year on year, confirming the Group’s ability to structurally reduce the cost base while protecting revenue growth. This is despite significant inflationary pressures which were circa 10%<sup>7</sup> year on year for UniCredit’s footprint. The Cost-Income ratio stood at 39.2%, proof of operational excellence.

The Group continues to drive best-in-class capital efficiency, with 111 basis points of capital organically generated in the first quarter, leading to a stated CET1 ratio of 16.05% which already deducts the approved €5.25 billion 2022 distribution as well as the accrued 1Q23 cash dividend, an increase from 14.91% CET1 ratio in 4Q22. Risk Weighted Assets (“RWA”) were reduced quarter on quarter by 3.1%, to €298.8 billion.

Following the regulatory and shareholder approval of the 2022 €3.34 billion share buyback, the first tranche of circa €2.34 billion has commenced, while the second tranche of circa €1.0 billion is expected to commence during the second half of 2023. We are delivering on our clear commitment to shareholder value creation, progressively growing the cash dividend and share buybacks to further propel future shareholder returns.

The balanced combination of the three levers of net revenues, costs and capital efficiency continues to yield exceptional outcome, unlock internal value and build a track-record in profitability. The resilient and growing financial results are further evidenced by the 1Q23 RoTE of 20.4%<sup>2</sup>.

The robust balance sheet together with the favourable liquidity profile stems from a sticky and diversified deposit base, a prudent Asset-Liability Management strategy and an effective management of the pass-through, with a loan to deposit ratio of circa 90%.

Russia has been resized and refocused over the last year with the local business condensed and non-local participation exposure substantially reduced through a progressive, proactive and orderly de-risking approach allowing a reduction of overall 68% since March 2022<sup>8</sup>, equivalent to €4.2 billion at minimal cost.

On the back of the strong financial results and supportive interest rate environment, UniCredit has improved its financial guidance<sup>9</sup> for 2023 to NII of over €12.6 billion, net revenues above €20.3 billion and net profit<sup>1,4</sup> above €6.5 billion, setting a new baseline for 2024-2025. We have increased our shareholder distribution intention for 2023 to at least €5.75 billion<sup>5</sup>.

UniCredit’s Social Strategy, refined in the course of 2022, pursues five strategic goals addressed to specific beneficiaries, among others to ensure the communities’ sustainable progress, with a focus on Youth and

<sup>7</sup> Preliminary figures for 1Q23.

<sup>8</sup> Delta since 8 March 2022 excluding change in FX hedging (+€0.7 billion included in derivatives as of 8 March 2022 and additional intragroup exposure).

<sup>9</sup> UniCredit Group 2023 financial guidance available in section “Group key financial 2023 guidance” at page 5.

# Empowering Communities to Progress. | UniCredit

Education. Fully in line with these ambitions, the UniCredit Foundation aims to create equal opportunities in education, and leverages its extensive educational network, partnerships and in-depth knowledge of our geographies in order to help build a better future for our young people and their communities across Europe. During 2023, UniCredit Foundation will grant a total of €20 million to support projects tackling school dropouts, enhancing employability, and encouraging university attendance attainment. This is part of the Group's Purpose, our ESG commitment and strategic plan.

In 1Q23 UniCredit won the ESG Elite Award for the Best Standard Ethics Rating, alongside three further prizes for innovative products and services at this year's Milano Finanza Banking Awards. UniCredit continues to support its clients' green transition with strong total ESG volumes at €61.7 billion since 2022, on track to achieving the €150 billion 2024 target. Underpinned with a strong governance, we will continue to work on Environmental and Social Topics, which to us are equally important, as demonstrated by our ESG strategy and targets setting.

The key recent events in 1Q23 include:

- 2022 share buyback of €3.34 billion approved with ongoing execution of the related first share buyback tranche of €2.34 billion. As of 28 April 2023 UniCredit purchased 50.78 million shares equal to 2.62% of share capital;
- €1.9 billion 2022 dividend paid on 26 April 2023;
- Notice of early redemption of €1.25 billion AT1 instrument on first call date of 3 June 2023.

**Andrea Orcel, Chief Executive Officer of UniCredit S.p.A. said:**

*For the 9<sup>th</sup> consecutive quarter UniCredit delivered excellent financial results improving its profitability and distribution run rate as we continue to unlock the intrinsic value of our franchise. We are making significant progress in the execution of our strategic plan and are in the second phase of our ongoing industrial transformation, setting a new benchmark for banking. We are reinforcing the commercial franchise and optimizing our products and services to deliver the best to our clients in the most efficient way.*

*Our record first quarter net profit of €2.1 billion was delivered with double digit net revenue growth supported by very strong net interest income and further cost reduction, creating positive operational leverage. We continued to generate a high amount of organic capital resulting in a best in class 16.05% CET1 ratio, already reflecting our 2022 distribution of €5.25 billion and first quarter cash dividend accrual of €0.7 billion. Our liquidity is solid, and our asset quality strong. The improved macro-outlook and rate environment, positive business trends and our continuing transformation and strengthened lines of defence have enabled us to increase our 2023 guidance across key metrics. We now expect net profit of over €6.5 billion and a higher shareholder distribution of at least €5.75 billion. The low Cost of Risk of 30-35 basis points for 2023, with potential tailwinds that could drive it lower, is a result of our solid credit portfolio, high coverage and significant overlays.*

*Thus far Europe has proven itself to be relatively resilient to exogenous shocks and periods of heightened uncertainty. At UniCredit we anticipated a difficult macroeconomic scenario and prepared ourselves with strengthened lines of defence and preemptive actions to secure our future performance. While we remain vigilant, we are also confident that we will, for the foreseeable future, continue to deliver consistent, high-quality profitable growth with a structurally reduced cost base and Cost of Risk.*

*What we are accomplishing in terms of our industrial transformation is surpassing our UniCredit Unlocked ambitions, but the journey is by no means complete and will continue to propel our financial results, shareholder distributions and the way we support our clients and communities in the coming years.*

Investor Relations:  
e-mail: [investorrelations@unicredit.eu](mailto:investorrelations@unicredit.eu)

Media Relations:  
e-mail: [mediarelations@unicredit.eu](mailto:mediarelations@unicredit.eu)

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**UNICREDIT 1Q23 GROUP RESULTS – MILAN, 3 May 2023 – 10.00 CET**

**ITALY: +39 02 802 09 11**

**UK: +44 1212 818004**

**USA: +1 718 7058796**

THE **CONFERENCE CALL** WILL ALSO BE **AVAILABLE VIA LIVE AUDIO WEBCAST** AT

<https://www.unicreditgroup.eu/en/investors/group-results.html>, WHERE THE SLIDES WILL BE DOWNLOADABLE

## 1Q23 KEY FIGURES

- **Total revenues:** €5.9 bn, up 3.7% Q/Q and up 18.3% Y/Y<sup>10</sup>
- **Net revenues:** €5.8 bn, up 12.5% Q/Q and up 56.5% Y/Y<sup>11</sup>
- **Net Interest Income (NII):** €3.3 bn, down 3.4% Q/Q and up 43.6% Y/Y<sup>12</sup>
- **Fees:** €2.0 bn, up 10.7% Q/Q and down 2.0% Y/Y
- **Trading income:** €500 m, up 17.2% Q/Q and down 14.8% Y/Y
- **Operating costs:** €2.3 bn, down 5.8% Q/Q and down 0.6% Y/Y
- **Cost/Income ratio:** 39.2%, down 4 p.p. Q/Q and down 7.4 p.p. Y/Y
- **Stated net profit:** €2.1 bn, down 16.2% Q/Q and up >100% Y/Y
- **Net profit after AT1/CASHES coupon:** €2.1 bn, up 41.6% Q/Q and up >100% Y/Y
- **RoTE:** 16.8%, up 5.0 p.p. Q/Q and up 14.5 p.p. Y/Y
- **Diluted EPS:** €1.06, up 45.3% Q/Q and up >100% Y/Y
- **Group CET1 ratio:** 16.05%, up 0.1 p.p. Q/Q and up 2.1 p.p. Y/Y
- **RWAs:** €298.8 bn, down 3.1% Q/Q and down 9.4% Y/Y
- **LLPs:** €93 m, down 82.5% Q/Q and down 92.8% Y/Y
- **Cost of Risk (CoR):** 8 bps, down 38 bps Q/Q and down 105 bps Y/Y
- **Average gross commercial performing loans:** €408.3 bn, down 0.8% Q/Q and up 0.2% Y/Y
- **Average commercial deposits:** €479.4 bn, down 1.6% Q/Q and up 1.9% Y/Y
- **Loan/Deposit ratio<sup>13</sup>:** 89.7%, up 2.0 p.p. Q/Q, and up 0.1 p.p. Y/Y
- **Gross NPEs:** €12.6 bn, up 0.4% Q/Q and down 29.2% Y/Y
- **Net NPEs:** €6.5 bn, flat Q/Q and down 23.3% Y/Y
- **NPE Coverage ratio:** 48.5%, up 0.2 p.p. Q/Q and down 3.9 p.p. Y/Y

## GROUP KEY FINANCIAL 2023 GUIDANCE UPDATE

FY23 GUIDANCE		VS. PREVIOUS GUIDANCE
<b>Net Revenue</b>	<b>&gt;20.3bn</b>	↑
o/w Net Interest	>12.6bn	↑
o/w Cost of Risk	30-35bps	→
<b>Total Costs</b>	<b>&lt;9.6bn</b>	↓
Potential upside		
<b>Net Profit<sup>2</sup></b>	<b>&gt;6.5bn</b>	↑
<b>RWA (End of Period)</b>	<b>&lt;300bn</b>	↓
<b>RoTE @13% CET1r</b>	<b>c.15.0%</b>	↑
<b>Organic Capital Generation</b>	<b>c.250bps</b>	↑
<b>Distribution<sup>3</sup></b>	<b>≥5.75bn</b>	↑

2. "Net profit" means Stated net profit adjusted for impacts from DTAs tax loss carry forward resulting from sustainability test, pre AT1 and cashes coupons which for FY23 are expected to be around 0.4bn after tax and post integration costs which for FY23 are expected to be around 0.3bn before tax

3. Distribution subject to supervisory and shareholder approvals

<sup>10</sup> Total Revenue net of TLTRO, Tiering and Excess liquidity fee contribution: €5.9 billion, up 11.9% Q/Q and up 23.2% Y/Y.

<sup>11</sup> Net Revenue net of TLTRO, Tiering and Excess liquidity fee, contribution: €5.8 billion, up 22.3% Q/Q and up 65.4% Y/Y.

<sup>12</sup> NII net of TLTRO, Tiering and Excess liquidity fee contribution: €3.3 billion, up 10.0% Q/Q and up 57.4% Y/Y.

<sup>13</sup> Net of Repos and Intercompany EOP.

## UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Total revenues	5,013	5,715	5,930	+3.7%	+18.3%
o/w Net interest	2,296	3,415	3,298	-3.4%	+43.6%
o/w Fees	2,038	1,803	1,996	+10.7%	-2.0%
o/w Trading	588	427	500	+17.2%	-14.8%
Operating costs	-2,341	-2,470	-2,327	-5.8%	-0.6%
Gross operating profit	2,672	3,246	3,603	+11.0%	+34.8%
Loan Loss Provisions	-1,284	-528	-93	-82.5%	-92.8%
Net operating profit	1,389	2,717	3,510	+29.2%	n.m.
Stated net profit/loss	274	2,464	2,064	-16.2%	n.m.
Net profit	274	1,612	2,064	+28.0%	n.m.
Net profit after AT1/CASHES	274	1,457	2,064	+41.6%	n.m.
CET1 ratio	14.00%	16.00%	16.05%	+0.1 p.p.	+2.1 p.p.
RoTE	2.3%	11.8%	16.8%	+5.0 p.p.	+14.5 p.p.
Customers loans (excl. repos and IC)	433,038	432,441	430,237	-0.5%	-0.6%
Gross NPE	17,800	12,549	12,602	+0.4%	-29.2%
Customer deposits (excl. repos and IC)	483,521	491,817	479,769	-2.4%	-0.8%
Cost/income ratio	46.7%	43.2%	39.2%	-4.0 p.p.	-7.4 p.p.
Stated cost of risk (bps)	114	46	8	-38	-105

**Note:** For 1Q22 and 1Q23: net profit, net profit after AT1/CASHES and stated net profit all equal to respectively €274 m and €2,064 m, with €0 impact from DTA write-up from TLCF, AT1 and cashes coupon.

For 4Q22: net profit after AT1/CASHES excludes DTA write-up from TLCF (+€852 m); furthermore, it is net of AT1 (-€141 m) and Cashes coupons (-€14 m).

**Total revenues** stood at €5.9 bn in 1Q23, up 3.7% Q/Q, driven by NII at €3.3 bn (+10.0% Q/Q if excluding the impact contribution of TLTRO, Tiering and Excess liquidity fee booked in 4Q22, -3.4% Q/Q otherwise), fees at €2.0 bn (+10.7% Q/Q), and €0.5 bn trading income (+17.2% Q/Q). Total revenues were up 18.3% Y/Y, driven by NII (+57.4% Y/Y if excluding the TLTRO Tiering and Excess liquidity fee contribution, +43.6% Y/Y otherwise), partially offset by a decrease in trading (-14.8% Y/Y) and fees (-2.0% Y/Y).

**Net revenues** reached €5.8 bn in 1Q23, up 12.5% Q/Q and up 56.5% Y/Y. Net of the TLTRO, tiering and excess liquidity fee contribution, net revenues grew 22.3% Q/Q and 65.4% Y/Y.

In 1Q23, **NII** stood at €3.3 bn, down 3.4% Q/Q and up 43.6% Y/Y. Net of €415 m of TLTRO, Tiering and Excess liquidity fee contribution in 4Q22, NII was up 10.0% Q/Q thanks to the contribution from all business divisions with good management of the deposit pass-through combined with supportive rates development. In particular, the Q/Q as well as the Y/Y trend was driven by higher customer loan rates, together with better results in Treasury & Markets, particularly in the investment portfolio in Italy, Germany and Central Europe. Net of the TLTRO, Tiering and Excess liquidity fee contribution, NII was up 57.4% Y/Y.

**Fees** stood at €2.0 bn in 1Q23, up 10.7% Q/Q thanks to better investment fees in Italy and better financing fees in Germany and Italy; and down 2.0% Y/Y, driven by a decline in investment and financing related fees, partially compensated by better transactional fees. Fees are well diversified and balanced. In particular, in 1Q23:

- **Investment fees** were €0.7 bn, up 13.1% Q/Q mainly driven by higher AuM upfront fees, mainly in Italy. Investment fees were down 8.2% Y/Y due to a reduction of AuM stock that negatively impacted management fees, combined with conservative client portfolio management that led to lower AuM upfront fees particularly in Italy. This is partially mitigated by better AuC fees (better certificates activity and some shift from deposits to AuC).

- **Financing fees** stood at €0.5 bn, up 24.0% Q/Q driven by a recovery in global capital markets activity following a seasonally low 4Q22. Financing fees were down 4.0% Y/Y affected by higher costs for securitizations stemming from active portfolio management and lower Credit Protection Insurance fees linked to retail mortgages in Italy.
- **Transactional fees** were €0.6 bn, up 2.1% Q/Q driven higher Property & Casualty insurance fees mainly in Italy as well as better card fees, mainly in Eastern Europe and up 7.4% Y/Y, driven by better payment fees across all regions, higher Property & Casualty insurance fees in Italy and card fees, mainly in Italy and Eastern Europe.
- **Client hedging fees** generated €0.2 bn, up 5.1% Q/Q entirely driven by Germany thanks to a rebound in commodity hedging demand in 1Q23 and were down 1.4% Y/Y, as we continue to support our clients in defending their business outcomes in this volatile environment down.

**Trading income** stood at €500 m in 1Q23, up 17.2% Q/Q driven by high demand on client risk management products in Germany and XVA dynamics and down 14.8 Y/Y, affected by the Treasury result in Italy and Germany, more than offsetting the positive client driven trading income results.

**Dividends**<sup>14</sup> were at €124 m in 1Q23, substantially higher Q/Q and up 38.0% Y/Y.

**Operating costs** stood at €2.3 bn in 1Q23 down 5.8% Q/Q, and down 0.6% Y/Y, given the proactive measures taken to mitigate the inflationary pressure. In particular:

- **HR costs** were €1.4 bn in 1Q23, down 9.0% Q/Q, mainly driven by the one-off inflation relief payment booked in 4Q22 and higher accruals on variable compensations, and down 2.3% Y/Y thanks to net FTE reductions more than compensating the salary increase.
- **Total Non-HR costs**<sup>15</sup> were €0.9 bn in 1Q23, down 0.3% Q/Q driven by a reduction of consultancy and advertising services in the quarter, and up 2.3% Y/Y due to higher energy costs and overall inflation impact.

The **Cost/Income ratio** stood at of 39.2% in 1Q23, down 4.0 p.p. Q/Q, and down 7.4 p.p. Y/Y.

**Cost of Risk**, stood at 8 bps in 1Q23, down 38 bps Q/Q mainly due to portfolio run-down in Russia, repayments, and limited flows to default; and down 105 bps Y/Y. This was supported by a positive development of the low default rate, preserving the highly covered and robust credit portfolio with low NPE net inflows. The Group kept the amount of overlays on performing exposures flat Q/Q at circa €1.8 bn, which substantially reinforces the Group's capacity to withstand macroeconomic shocks.

**Systemic charges** in 1Q23 stood at €640 m a seasonal Q/Q increase due to the Single Resolution Fund ("SRF") charges booked in 1Q.

The 1Q23 **Group stated tax rate** of 24.2% was positively impacted by non-recurring items in Germany.

**Net profit and net profit after AT1/CASHES** was €2.1 bn in 1Q23, respectively up 28.0% and up 41.6% Q/Q and substantially increased Y/Y.

<sup>14</sup> Include other dividends and equity investments

<sup>15</sup> Includes Non-HR costs, recovery of expenses and amortisations and depreciations.

## BALANCE SHEET

**Average gross commercial performing loans** were €408.3 bn<sup>16</sup> as of 31 March 2023 (-0.8% Q/Q, +0.2% Y/Y). The main contributors were Italy (€163.7 bn), Germany (€113.4 bn) and Central Europe (€91.9 bn).

**Gross customer performing loan rates** were 3.6%<sup>16</sup> in 1Q23 up 66 bps Q/Q and up 162 bps Y/Y.

**Average commercial deposits** stood at €479.4 bn<sup>16</sup> as of 31 March 2023 (-1.6% Q/Q, +1.9% Y/Y). The main contributors were Italy (€194.1 bn), Germany (€137.1 bn) and Central Europe (€93.1 bn).

**Customer deposit rates** stood at -0.67%<sup>16</sup> in 1Q23 -21 bps Q/Q and -60 bps Y/Y.

**Loan/Deposit ratio** net of Repos and Intercompany at 1Q23 end of period was 89.7%, up 1.7 p.p. Q/Q, and up 0.1 p.p. Y/Y.

**Total Financial Assets (TFAs)** were €748.7 bn in 1Q23, up 1.0% Q/Q and up 1.2% Y/Y.

- **AuM:** €195.4 bn, up 0.8% Q/Q and down 8.6% Y/Y;
- **AuC:** €163.0 bn, up 7.5% Q/Q and up 7.8% Y/Y;
- **Deposits:** €390.4 bn, down 1.5% Q/Q and up 4.1% Y/Y.

## ASSET QUALITY<sup>17</sup>

**Gross NPEs** were €12.6 bn in 1Q23 (+0.4% Q/Q and -29.2% Y/Y) leading to a **gross NPE ratio** of 2.7% (flat Q/Q, -1.1 p.p. Y/Y), while **net NPEs** were €6.5 bn in 1Q23 (flat Q/Q and -23.3% Y/Y), with a **net NPE ratio** of 1.4% (flat Q/Q, -0.4 p.p. Y/Y). The **NPE coverage ratio** was 48.5% (+0.2 p.p. Q/Q and -3.9 p.p. Y/Y).

**Gross bad loans** amounted to €2.7 bn in 1Q23 (+4.0% Q/Q, -44.2% Y/Y) with a coverage ratio of 76.0% (-0.6 p.p. Q/Q, flat Y/Y). **Gross unlikely to pay** stood at €9.1 bn (-0.1% Q/Q, -25.7% Y/Y), with a coverage ratio of 42.2% (flat Q/Q, -2.0 p.p. Y/Y).

## CAPITAL & FUNDING

The Group's 1Q23 **CET1 ratio Fully Loaded** (stated) stood at 16.05%, up 6 bps Q/Q, mainly driven by -108 bps from the €3.3 bn FY22 share buyback, +111 bps organic capital generation (+67 bps from net profit and +44 bps from RWA), -23 bps from distribution (-23 bps from 1Q23 dividend accrual of €0.7 bn), +4 bps from regulatory impacts, +3 bps from PD scenario, -20 bps from other items<sup>18</sup>.

**Group Tangible Equity** was €55.2 bn, up 0.6% Q/Q and up 4.5% Y/Y, while **Group tangible book value per share** was €28.5, up 0.4% Q/Q and 17.6% Y/Y.

The **RoTE** at 13% CET1 ratio was 20.4% in the 1Q23, up 6.3 p.p. Q/Q and up by 17.9 p.p. Y/Y.

The **transitional leverage ratio** stood at 5.56% in 1Q23, down 0.51 p.p. Q/Q including the impact the share buyback impact on Tier 1 Capital.

**RWA** was €298.8 bn in 1Q23, down 3.1% Q/Q, driven by RWA savings resulting from active portfolio management (-€1.9 bn o/w -€1.5 bn in Italy), regulatory impacts (-€0.9 bn), and -€5.4 bn from business dynamics given lower market and counterparty risks; and were -9.4% Y/Y.

<sup>16</sup> Includes Group Corporate Centre.

<sup>17</sup> NPEs excludes exposures classified as held for sale.

<sup>18</sup> Including +4 bps capital reserve (+8 bps FVOCI of which +4 bps BTPs; -4 bps FX reserve), +3 bps AVA/DVA/OCS, +1 bps DBO excess of assets, and +11 bps Intangibles.



**Regulatory liquidity ratios** are sound: **LCR**<sup>6</sup> of 163% in March 2023, meaningfully above the regulatory limit of 100% and also above the 125-150% managerial target range, which already embeds the impact of the TLTRO maturity in June. The **NSFR** above 130% as of 1Q23, also well above the regulatory limit of 100%.

The 2023 Funding Plan focuses mostly on covered bond issuance, with limited MREL needs. UniCredit **TLAC ratio on RWA** stood at 27.33%, up 0.4 p.p. Q/Q, implying a buffer of 548 bps, substantially above requirement of 21.85%<sup>19</sup>. **The TLAC ratio on leverage exposure** stood at 8.27%, down 0.5 p.p. Q/Q, implying a buffer of 152 bps above regulatory requirement of 6.75%. The 1Q23 **MREL ratio on RWA** stood at 30.9%, up 1.09 p.p. Q/Q, implying a buffer of 632 bps above regulatory requirement of 24.58%. The **1Q23 MREL ratio on Leverage exposure** stood at 9.34%, down 0.37 p.p. Q/Q with a buffer of 344 basis points above regulatory requirement of 5.90%.

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<sup>19</sup> 1Q23 TLAC requirement 21.85% (assuming combined capital buffer as of 1Q23) with 3.50% senior exemption.

## DIVISIONAL HIGHLIGHTS<sup>20</sup>

### ITALY

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Total revenues	2,253	2,574	2,700	+4.9%	+19.8%
o/w Net interest	875	1,435	1,452	+1.2%	+65.9%
o/w Fees	1,159	1,025	1,105	+7.8%	-4.6%
Operating costs	-993	-1,013	-974	-3.9%	-1.9%
Gross operating profit	1,260	1,560	1,726	+10.6%	+37.0%
Loan Loss Provisions	10	-132	-135	+1.8%	<i>n.m.</i>
Net operating profit	1,269	1,428	1,591	+11.4%	+25.3%
Stated net profit/loss	624	1,738	956	-45.0%	+53.3%
Net profit after AT1/CASHES	624	1,030	956	-7.2%	+53.3%
RoAC	14.2%	25.8%	25.1%	-0.7 p.p.	+10.9 p.p.
Cost/income ratio	44.1%	39.4%	36.1%	-3 p.p.	-8 p.p.
Stated cost of risk (bps)	-2	28	29	+1	+31

### GERMANY

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Total revenues	1,362	1,348	1,506	+11.7%	+10.5%
o/w Net interest	642	744	691	-7.0%	+7.7%
o/w Fees	414	311	420	+34.9%	+1.4%
Operating costs	-645	-617	-609	-1.2%	-5.6%
Gross operating profit	717	731	897	+22.6%	+25.1%
Loan Loss Provisions	-64	-251	-33	-86.8%	-48.1%
Net operating profit	653	481	864	+79.8%	+32.3%
Stated net profit/loss	286	268	513	+91.7%	+79.3%
Net profit after AT1/CASHES	286	217	513	<i>n.m.</i>	+79.3%
RoAC	10.7%	8.0%	19.5%	+11.5 p.p.	+8.8 p.p.
Cost/income ratio	47.4%	45.7%	40.4%	-5 p.p.	-7 p.p.
Stated cost of risk (bps)	20	76	10	-66	-10

<sup>20</sup> Please consider that (i) all divisional figures in "Divisional Highlights" represent the contribution of each division to Group data; (ii) Return on Allocated Capital (RoAC) related to each division and shown in this section is calculated as: annualised net profit / allocated capital. Allocated capital calculated as 13% of RWA plus deductions. Non-core division not reported.

### CENTRAL EUROPE

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Total revenues	779	987	990	-1.0%	+27.3%
o/w Net interest	446	745	638	-15.5%	+43.3%
o/w Fees	299	279	282	-0.1%	-5.9%
Operating costs	-396	-416	-394	-6.2%	-0.8%
Gross operating profit	383	572	596	+2.7%	+56.4%
Loan Loss Provisions	40	-149	15	<i>n.m.</i>	-63.2%
Net operating profit	423	422	611	+42.1%	+45.1%
Stated net profit/loss	203	471	329	-31.6%	+61.2%
Net profit after AT1/CASHES	203	247	329	+29.3%	+61.2%
RoAC	10.0%	12.6%	15.6%	+2.6 p.p.	+5.5 p.p.
Cost/income ratio	50.8%	42.1%	39.8%	-2 p.p.	-11 p.p.
Stated cost of risk (bps)	-17	62	-6	-69	+11

**Note:**

Stated numbers at current FX. Variations Q/Q and Y/Y are at constant FX.

### EASTERN EUROPE

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Total revenues	448	557	592	+6.1%	+31.9%
o/w Net interest	284	366	402	+9.7%	+41.3%
o/w Fees	149	155	158	+2.1%	+5.7%
Operating costs	-192	-222	-205	-8.1%	+6.0%
Gross operating profit	255	335	387	+15.5%	+51.3%
Loan Loss Provisions	2	-99	34	<i>n.m.</i>	<i>n.m.</i>
Net operating profit	257	236	421	+78.5%	+63.4%
Stated net profit/loss	182	154	307	+100.0%	+68.5%
Net profit after AT1/CASHES	182	140	307	<i>n.m.</i>	+68.5%
RoAC	21.0%	15.0%	33.1%	+18.2 p.p.	+12.1 p.p.
Cost/income ratio	43.0%	39.9%	34.6%	-5 p.p.	-8 p.p.
Stated cost of risk (bps)	-2	126	-43	-168	-40

**Note:**

Stated numbers at current FX. Variations Q/Q and Y/Y are at constant FX.

### GROUP CORPORATE CENTRE (GCC)

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Total revenues	-58	-103	-134	+29.7%	<i>n.m.</i>
Operating costs	-59	-123	-81	-33.7%	+37.2%
Gross operating profit	-117	-226	-215	-4.7%	+84.2%
Loan Loss Provisions	-39	1	2	+95.4%	<i>n.m.</i>
Stated net loss	-104	-190	-140	-26.5%	+34.0%
Net profit after AT1/CASHES	-104	-193	-140	-27.6%	+34.0%
FTE	8,905	8,719	8,638	-0.9%	-3.0%
Costs GCC/total costs	2.5%	5.0%	3.5%	-1 p.p.	1 p.p.

### RUSSIA

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Total revenues	229	353	276	-6.5%	-3.2%
o/w Net interest	126	229	212	+8.1%	+36.6%
o/w Fees	29	45	46	+21.7%	+25.8%
Operating costs	-55	-79	-64	-3.4%	-7.2%
Gross operating profit	175	273	212	-7.4%	-1.9%
Loan Loss Provisions	-1,231	103	25	-78.8%	<i>n.m.</i>
Net operating profit	-1,057	376	237	-32.0%	<i>n.m.</i>
Stated net profit/loss	-916	24	98	<i>n.m.</i>	<i>n.m.</i>
Net profit after AT1/CASHES	-916	16	98	<i>n.m.</i>	<i>n.m.</i>
RoAC	<i>n.m.</i>	-3.8%	12.3%	+16.2 p.p.	<i>n.m.</i>
Cost/income ratio	23.8%	22.5%	23.2%	+1 p.p.	-1 p.p.
Stated cost of risk (bps)	<i>n.m.</i>	-506	-162	+512	<i>n.m.</i>

## SIGNIFICANT EVENTS DURING AND AFTER 1Q23

With reference to the main events that occurred during 1Q23 and after, refer to section “Subsequent events” in the Consolidated report on operations, which is an integral part of 2022 Annual Reports and Accounts of UniCredit Group as well as the press releases published on the UniCredit Group website.

Here below therefore, the main financial press releases published after 16 February 2023 (date of approval of 2022 Annual Reports and Accounts of UniCredit Group):

- “UniCredit: 2022 Share Buy-Back Programme in amount of €3.34 billion authorised by the ECB” (press released published on 28 March 2023);
- “Announcement of the Launch of the Share Buy-Back Programme” (press release published on 3 April 2023);
- “UniCredit Bank AG sells non-performing credit portfolio to funds managed by LCM Partners Limited” (press release published on 6 April 2023);
- “Notice of early redemption UniCredit S.p.A. €1,250,000,000 Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes ” (press release published on 27 April 2023).

## ECONOMIC OUTLOOK

Global GDP is forecast to expand by 2.4% this year and 3.0% next year, below its pre-pandemic average rate. Indicators of economic activity were more resilient than expected at the end of last year, including those for the US, the eurozone and China. The drivers of this likely include lower energy prices, fiscal support, tight labor markets and excess savings accumulated during the pandemic. Still, the global economic outlook remains subdued, as most of the effects of monetary tightening on output have yet to be felt.

In the euro area, GDP expanded modestly in the first quarter. This probably reflects an improvement in services activity and a modest recovery in industry. We confirm our forecast of moderate growth next year (1.0% for 2024), as we expect that the sharp tightening of financing conditions for the private sector will slow domestic demand. We expect inflation to slow this year closing 2023 at approx. +5.5per cent on average Y/Y. Italy avoided a technical recession at the turn of the year, as the manufacturing recession probably eased faster than initially thought – declining energy prices are helping energy-intensive sectors – while construction and service activity have held up well.

At its March meeting, while retaining a tightening bias, the European Central Bank (ECB) refrained from providing forward guidance, explaining that policy-rate decisions will be determined based on its assessment of the inflation outlook in light of incoming economic and financial data, the dynamics of underlying inflation and the strength of monetary-policy transmission. In light of the more prudent stance of central banks, we currently assume the ECB’s deposit rate at 3.5% by end of 2Q23 and stay flat for the second half of 2023.

## GROUP TABLES

## UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
Net interest	2,296	3,415	3,298	-3.4%	+43.6%
Dividends	90	57	124	n.m.	+38.0%
Fees	2,038	1,803	1,996	+10.7%	-2.0%
Trading income	588	427	500	+17.2%	-14.8%
Other expenses/income	2	13	11	-16.7%	n.m.
<b>Revenue</b>	<b>5,013</b>	<b>5,715</b>	<b>5,930</b>	<b>+3.7%</b>	<b>+18.3%</b>
HR costs	(1,456)	(1,563)	(1,422)	-9.0%	-2.3%
Non-HR costs	(732)	(742)	(748)	+0.7%	+2.1%
Recovery of expenses	126	135	127	-5.8%	+1.1%
Amortisations and depreciations	(278)	(300)	(284)	-5.2%	+2.0%
<b>Operating costs</b>	<b>(2,341)</b>	<b>(2,470)</b>	<b>(2,327)</b>	<b>-5.8%</b>	<b>-0.6%</b>
<b>GROSS OPERATING PROFIT (LOSS)</b>	<b>2,672</b>	<b>3,246</b>	<b>3,603</b>	<b>+11.0%</b>	<b>+34.8%</b>
Loan Loss Provisions (LLPs)	(1,284)	(528)	(93)	-82.5%	-92.8%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>1,389</b>	<b>2,717</b>	<b>3,510</b>	<b>+29.2%</b>	<b>n.m.</b>
Other charges and provisions	(725)	(144)	(745)	n.m.	+2.7%
<i>of which: systemic charges</i>	<i>(719)</i>	<i>(38)</i>	<i>(640)</i>	<i>n.m.</i>	<i>-11.0%</i>
Integration costs	(3)	(287)	(17)	-94.0%	n.m.
Net income from investments	(30)	(176)	(17)	-90.3%	-43.2%
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>630</b>	<b>2,111</b>	<b>2,731</b>	<b>+29.4%</b>	<b>n.m.</b>
Income taxes	(346)	355	(661)	n.m.	+91.1%
Profit (Loss) of discontinued operations	3	-	-	n.m.	n.m.
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>287</b>	<b>2,466</b>	<b>2,070</b>	<b>-16.1%</b>	<b>n.m.</b>
Minorities	(13)	(2)	(6)	n.m.	-54.8%
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>274</b>	<b>2,464</b>	<b>2,064</b>	<b>-16.2%</b>	<b>n.m.</b>
Purchase Price Allocation (PPA)	-	-	-	n.m.	n.m.
Goodwill impairment	-	-	-	n.m.	n.m.
<b>GROUP STATED NET PROFIT (LOSS)</b>	<b>274</b>	<b>2,464</b>	<b>2,064</b>	<b>-16.2%</b>	<b>n.m.</b>

**Note:** Figures of Reclassified consolidated income statement relating to 2022 have been restated with the effects of the:

- shift from Trading Income to Fees of the client hedging mark-up (commercial margin between final price to the client and the offer price, the latter being quoted by the trader and containing bid/offer, market risk hedging costs and day one XVA) for FX spot operations, plain vanilla derivatives on FX, Fixed Income and Equity, Commodities derivatives;
- shift from Other expenses/income to Net interest of the interest on cash collaterals paid by UniCredit S.p.A;
- shift from non-HR costs to Fees of some costs related to transaction and payment services;
- shift from Recovery of expenses to non-HR costs of the cost reimbursements of postal services in Germany.

### UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	1Q22	4Q22	1Q23	Q/Q	Y/Y
<b>ASSETS</b>					
Cash and cash balances	125,875	111,776	126,377	+13.1%	+0.4%
Financial assets held for trading	76,144	64,443	62,293	-3.3%	-18.2%
Loans to banks	101,664	45,707	71,905	+57.3%	-29.3%
Loans to customers	455,762	455,781	453,754	-0.4%	-0.4%
Other financial assets	154,861	148,116	148,239	+0.1%	-4.3%
Hedging instruments	1,706	(3,725)	(3,679)	-1.2%	n.m.
Property, plant, and equipment	9,374	9,164	9,095	-0.8%	-3.0%
Goodwill	-	-	-	n.m.	n.m.
Other intangible assets	2,204	2,350	2,300	-2.1%	+4.4%
Tax assets	13,229	13,120	12,560	-4.3%	-5.1%
Non-current assets and disposal groups classified as held for sale	2,075	1,229	1,126	-8.4%	-45.7%
Other assets	6,960	9,812	11,357	+15.7%	+63.2%
<b>Total assets</b>	<b>949,854</b>	<b>857,773</b>	<b>895,327</b>	<b>+4.4%</b>	<b>-5.7%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from banks	181,471	131,324	148,933	+13.4%	-17.9%
Deposits from customers	523,000	510,093	522,514	+2.4%	-0.1%
Debt securities issued	90,415	84,207	88,980	+5.7%	-1.6%
Financial liabilities held for trading	56,987	51,234	50,061	-2.3%	-12.2%
Other financial liabilities	11,338	12,041	12,705	+5.5%	+12.1%
Hedging instruments	(3,202)	(18,101)	(17,240)	-4.8%	n.m.
Tax liabilities	1,481	1,681	1,804	+7.3%	+21.8%
Liabilities included in disposal groups classified as held for sale	518	579	490	-15.4%	-5.4%
Other liabilities	25,712	21,218	23,276	+9.7%	-9.5%
Minorities	465	158	163	+3.2%	-64.9%
Group Shareholders' Equity:	61,669	63,339	63,641	+0.5%	+3.2%
- Capital and reserves	61,395	56,881	61,577	+8.3%	+0.3%
- Group Stated net profit (loss)	274	6,458	2,064	-68.0%	n.m.
<b>Total liabilities and Shareholders' Equity</b>	<b>949,854</b>	<b>857,773</b>	<b>895,327</b>	<b>+4.4%</b>	<b>-5.7%</b>

## UNICREDIT GROUP: SOVEREIGN DEBT SECURITIES – BREAKDOWN BY COUNTRY/PORTFOLIO

With reference to the Group's sovereign exposures<sup>21</sup>, the book value of sovereign debt securities as of 31 March 2023 amounted to €99,236 million (of which €96,850 million classified in the banking book<sup>22</sup>, over the 79% of it concentrated in eight countries; Italy, with €35,102 million, represents over 35% 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 of 31 March 2023.

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<sup>21</sup> Information on Sovereign exposures refers to the scope of the UniCredit Group consolidated results as of 31 March 2023, determined under IAS/IFRS. 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 and Group's Legal entities classified as held for sale as of 31 March 2023
- ABSs.

<sup>22</sup> The banking book includes financial assets designated at fair value, those mandatorily at fair value, those at fair value through other comprehensive income and those at amortised cost.



(€ million)	Nominal Value	Book value	Fair Value
<b>As of 31 March 2023</b>			
<b>- Italy</b>	<b>36,764</b>	<b>35,102</b>	<b>35,196</b>
financial assets/liabilities held for trading (net exposures)(*)	(1,341)	(1,068)	(1,068)
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	50	52	52
financial assets at fair value through other comprehensive income	14,970	14,506	14,506
financial assets at amortised cost	23,085	21,612	21,706
<b>- Spain</b>	<b>14,758</b>	<b>13,906</b>	<b>13,725</b>
financial assets/liabilities held for trading (net exposures)(*)	784	623	623
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	3,446	3,204	3,204
financial assets at amortised cost	10,528	10,079	9,898
<b>- Japan</b>	<b>8,387</b>	<b>8,416</b>	<b>8,426</b>
financial assets/liabilities held for trading (net exposures)(*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	7,697	7,658	7,658
financial assets at amortised cost	690	758	768
<b>- United States of America</b>	<b>7,922</b>	<b>6,913</b>	<b>6,893</b>
financial assets/liabilities held for trading (net exposures)(*)	1,140	867	867
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	3,645	3,616	3,616
financial assets at amortised cost	3,137	2,430	2,410
<b>- Germany</b>	<b>6,756</b>	<b>6,608</b>	<b>6,411</b>
financial assets/liabilities held for trading (net exposures)(*)	469	318	318
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	1,272	1,269	1,269
financial assets at fair value through other comprehensive income	1,787	1,742	1,742
financial assets at amortised cost	3,228	3,279	3,082
<b>- Austria</b>	<b>2,883</b>	<b>2,706</b>	<b>2,673</b>
financial assets/liabilities held for trading (net exposures)(*)	141	147	147
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	70	69	69
financial assets at fair value through other comprehensive income	2,275	2,087	2,087
financial assets at amortised cost	397	403	370
<b>- Czech Republic</b>	<b>2,627</b>	<b>2,587</b>	<b>2,576</b>
financial assets/liabilities held for trading (net exposures)(*)	67	63	63
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	1,604	1,554	1,554
financial assets at amortised cost	956	970	959
<b>- Romania</b>	<b>2,572</b>	<b>2,554</b>	<b>2,375</b>
financial assets/liabilities held for trading (net exposures)(*)	69	64	64
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	745	694	694
financial assets at amortised cost	1,758	1,796	1,617
<b>Total on-balance sheet exposures</b>	<b>82,669</b>	<b>78,792</b>	<b>78,275</b>

**Note:**

(\*) Including exposures in Credit Derivatives. In case of negative amount, it indicates the prevalence of liabilities positions.

### UNICREDIT GROUP: WEIGHTED DURATION

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

Weighted duration (years)	Banking Book	Trading Book	
		Assets positions	Liabilities positions
- Italy	4.07	4.57	4.36
- Spain	3.79	12.67	10.21
- Japan	5.47	-	-
- United States of America	8.91	19.67	-
- Germany	3.99	14.21	6.61
- Austria	6.41	12.60	11.14
- Czech Republic	4.08	2.62	5.89
- Romania	3.81	4.97	8.10

The remaining 21% of the total of sovereign debt securities, amounting to €20,444 million with reference to the book values as of 31 March 2023, is divided into 33 countries, including France (€2,282 million), Bulgaria (€2,176 million), Croatia (€1,921 million), Portugal (€1,611 million), Hungary (€1,536 million), Israel (€1,112 million), Ireland (€954 million), Serbia (€934 million), Poland (€915 million), Russia (€760 million) and China (€690 million).

With respect to these exposures, as of 31 March 2023 there were no indications that default have occurred and the Group is closely monitoring the evolution of the situation.

With particular reference to the book value of the sovereign debt securities exposure to Russia it should be noted that €757 million are held by the Russian controlled bank in local currency and almost totally classified in the banking book.

It should also be noted that among the aforementioned remaining part of sovereign debt securities as of 31 March 2023 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 €3,652 million.

In addition to the exposures to sovereign debt securities, loans<sup>23</sup> given to central and local governments and governmental bodies must be taken into account, amounting to 25,815 million as of 31 March 2023, of which over 64% to Germany, Austria and Italy.

### UNICREDIT GROUP: RATINGS

	Short-term debt	Medium and long-term debt	Outlook	Standalone Rating
Standard & Poor's	A-2	BBB	Stable	bbb
Moody's	P-2	Baa1	Negative	baa3
Fitch Ratings	F2	BBB	Stable	bbb

<sup>23</sup> Tax items are not included.

## BASIS OF PREPARATION

1. This Consolidated interim report as of 31 March 2023 - Press release has been prepared on a voluntary basis, with the aim of ensuring continuity with the previous quarterly reports, following the elimination of the requirement to disclose additional financial information to the half-year and annual reports pursuant to law (D.Lgs. 25/2016), issued in application of Directive 2013/50/EU. This Consolidated interim report as of 31 March 2023 - Press release as well as the press releases on significant events occurred during the period, the market presentation of first quarter 2023 results and the Divisional Database are available on UniCredit Group website.

This Consolidated interim report as of 31 March 2023 - Press release is not audited by the External Auditors.

2. Reclassified balance sheet and income statements items have been prepared pursuant to Banca d'Italia instructions laid down in Circular 262/2005 (and subsequent amendments) by applying the aggregations and reclassifications disclosed in Annex 1 of 2022 Consolidated Reports and Accounts of UniCredit Group and supplemented by the notes below the reclassified balance sheet and income statement of this document.

3. The contents of this Consolidated interim report as of 31 March 2023 - Press release is not prepared according to the international accounting standard on interim reporting (IAS34).

Furthermore, in addition to the financial information prepared by applying measurement criteria in accordance with International Financial Reporting Standards ("IFRS"), this document contains alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Indicators (APIs) issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415) and other information not based on-IFRS definitions, in order to provide further information about the Group's performance. The financial measures that qualify as APMs and additional information not based on IFRS definitions determined using information from UniCredit Group should be considered supplemental information to IFRS information and do not intend to substitute them. Furthermore, companies in our industry and others may calculate or use APIs and information not based on IFRS definitions differently, thus making them less useful for compare.

The description of such APIs (such as Cost/income ratio, EVA, RoTE, RoAC, Cost of risk, Net bad loans to customer/Loans to customers, Net non-performing loans to customers/Loans to customers, absorbed capital, ROA) is included in the 2022 Consolidated Reports and Accounts of UniCredit Group (Consolidated report on operations and Annexes).

Further APMs (i.e., Coverage ratio, RoTE) have been described in the 1Q23 market presentation.

4. The Consolidated interim report as of 31 March 2023 - Press release, within which the accounts are presented in reclassified form, was prepared on the basis of IAS/IFRSs standards in force.

As of 31 December 2022, the market environment was affected by high levels of uncertainty for both the short and the medium-term outlook. The economic consequences stemming from the geopolitical tensions continued to unfold darkening the outlook for the euro area economy, pushing up inflationary pressures.

Considering the context of persisting uncertainty and taking into account the ESMA communication ("European common enforcement priorities for 2022 Annual Financial Reports"), UniCredit group defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of 2022 Consolidated financial statements<sup>24</sup>.

Such uncertainty did not decrease in the first quarter 2023, due to persisting geopolitical tensions between the Russian Federation and Ukraine. Indeed, the ECB macroeconomic projections published in March 2023 report that Euro area economic growth slowed markedly during the second half 2022, eventually stalling in the fourth quarter. However, with energy supplies becoming more secure and energy prices easing significantly, the economic activity is expected to pick up in the short term. Nevertheless, the ECB's ongoing policy normalisation, as well as further rate hikes expected by markets, will increasingly feed through to the real economy, with

<sup>24</sup>In particular, in addition to the "Baseline" scenario (namely, "Mild Recession"), which reflects the expectations considered most likely concerning macroeconomic trends, a Downturn Scenario ("Severe Recession") was outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). These scenarios were used for the DTAs sustainability test and for LLPs calculation.

additional dampening effects stemming from a recent tightening in credit supply conditions. Together with a gradual withdrawal of fiscal support, this is likely to weigh on economic growth in the medium term.

Uncertainty was also temporarily exacerbated by the turmoil in financial markets, caused by the failure of some mid-sized US banks. Such events - in turn – increased pressure on Credit Suisse, which experienced a significant drop in share price and spike in credit default swap spreads. This led the Swiss Authorities to take quick action to restore trust.

Considering the above-mentioned heightened uncertainties, specific analyses were performed in the first quarter of 2023 with the aim to evaluate whether the scenarios used as of 31 December 2022 - for the purposes of the evaluation process of the DTAs and credit exposures subject to valuation uncertainties - were still valid or, conversely, which adjustments should have been put in place to properly reflect the updated economic environment. As outlined below, the assessment also leveraged on an updated macro-economic scenario developed by UniCredit Research.

5. Starting from 31 December 2019, the calculation of the sustainability test methodology was updated by the Group considering appropriate a 10 years' time horizon, for the recognition of DTA arising from tax loss carrying forward deemed coherent for assessing the generation of sufficient taxable profit to be available against which tax assets can be utilised. As of 31 March 2023, the following analyses were performed with reference to the Italian Tax Perimeter (which accounts for the significant majority of the Group DTAs), with the aim to evaluate whether the DTAs recognised as of December 2022 were still sustainable: (i) analysis of the evolution of the macroeconomic scenario for the period 2023-2025, compared to the scenarios underlying the valuation process at 31 December 2022; (ii) comparison between the actual profit before taxes and the budget underlying the test executed in December 2022; (iii) confirmation of the validity of the additional methodological assumptions (e.g., reference tax legislation, perimeter of companies, volatility of the parameters underlying the model) used in the valuation process.

In this regard: (i) with specific reference to the macroeconomic scenario, the comparison between the Baseline (“Mild recession”)/Downturn (“Severe Recession”) scenarios envisaged by the Strategic Plan and used in the evaluation process as of 31 December 2022, and the updated macro-economic scenario, highlighted that Italian cumulated GDP for the period 2023-2025, shows a higher value vs year end Blended scenario (60% Baseline; 40% Downturn) and Downturn scenario, despite it is slightly below December 2022 Baseline assumptions. In addition, the 2025 interest rates and inflation are aligned with MYP Baseline used in December 2022 test, thus confirming the medium long-term view; (ii) the Italian Tax Perimeter profit before taxes was higher than budget, and (iii) no changes occurred on the methodological assumptions underlying the test execution.

Thus, according to the overall outcome of the analyses, no material changes were retrieved vis-à-vis the parameters and the assumptions which featured the sustainability test as of 31 December 2022, whose results were confirmed as of 31 March 2023.

It shall be noted that the outcome of the measurement is significantly influenced by assumptions about future cash flows, which - on turn - incorporate assumptions on the evolution of the macro-economic scenario.

Moreover, the sustainability of DTAs is influenced by criteria and assumptions about the statistic model used for future taxable income projections, for the years following the explicit period, as well as the volatility of expected results and the confidence level used.

Therefore, the results of these evaluations might be subject to changes currently not foreseeable, depending on the existence and degree of economic recovery. Possible deviations of the actual economic recovery, compared to the assumptions which form the basis of the evaluations, might require a re-determination of the parameters used for valuation purposes, specifically regarding the future cash flows, and the consequent changes in the valuation.

6. With reference to the credit exposures, the update of macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default and Exposure at Default) usually occurs on a semi-annual basis (June and December), in accordance with the Group policies.

Considering the evolution of the geo-political environment in the first quarter 2023, a specific analysis was put in place as of 31 March 2023 by comparing (i) the scenarios used in the evaluation process of credit exposures as of 31 December 2022, and (ii) the updated macro-economic scenario released by UniCredit Research, with the aim to evaluate whether the assumptions used for December 2022 valuations were to be confirmed.

In this regard, considering that the updated UniCredit baseline scenario ("Mild recession") is basically in line with fourth quarter IFRS9 baseline scenario, with 2022 GDP better than expected and a limited downward revision for 2023-25 cumulative GDP, the IFRS9 macro-economic scenario was not updated as of 31 March 2023.

Always with reference to credit exposures, the geopolitical overlay recognised as of 31 December 2022 to reflect the increase in credit risk was confirmed as of the first quarter 2023, as deemed still adequate to cope with downside risks arising from the soaring in energy price, inflation and increase in interest rate applied.

It shall be noted that, the amount of loan loss provisions is determined by considering the classification - current and expected - of credit exposures as non-performing, the sale prices (for those non-performing exposure whose recovery is expected through sale to external counterparties), and credit risk parameters which - in accordance with IFRS9 - incorporate, among other factors, forward looking information, and the expected evolution of the macroeconomic scenario.

Therefore, also in this case, the measurement is affected by the already mentioned degree of uncertainty on the evolution of the geo-political tensions and the effects of sanctions imposed to Russia.

Indeed, the evolution of these factors might require the classification of additional credit exposures as non-performing in future reporting periods, thus determining the recognition of additional loan loss provisions related to both these exposures as well as performing exposures following the potential update in credit risk parameters.

In addition, the need to adjust the loan loss provisions might derive from a macro-economic scenario different from the one estimated for the calculation of the credit risk parameters, or by the prevalence on the market of non-performing exposures of prices different from those used in the measurement. Finally, the evolution of the real estate market could impact on the value of properties received as collateral and may require an adjustment to the loan loss provisions.

7. With reference to the real estate portfolio, which starting from 31 December 2019 is measured at fair value, the evaluations through external appraisals are usually updated on a semi-annual basis in June and December, in accordance with the Group policies. As of 31 March 2023, the Group performed an analysis on the real estate market and the status of the properties ("trigger analysis") aimed to evaluate whether the values determined as of 31 December 2022 were confirmed.

The trigger analysis performed did not reveal significant events causing impacts on the evaluation of real estate portfolio. As per the previous evaluation matters, it cannot be excluded that - within next reporting periods - the fair value of these assets might be different from the values presented as of 31 March 2023 because of possible evolutions of prices in the real estate market, which also depend on the evolution of the macro-economic scenario, including but not limited to the geo-political tensions between Russian Federation and Ukraine.

8. On 2 March 2022, the ECB stopped the quotation of EUR/RUB exchange rate; therefore, for the preparation of the Consolidated interim report as of 31 March 2023, and in coherence with the approach adopted since the first quarter 2022, the Group is applying an OTC foreign exchange rate provided by Electronic Broking Service<sup>25</sup> (EBS). In this regard, it cannot be excluded that, once the ECB will restart listing RUB/EUR FX rate, these quotes might be different from EBS quotes, thus requiring the recognition impacts in Net Equity and P&L.

9. In addition to the above, the following additional Balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:

- fair value of financial instruments not listed in active markets;
- severance pay and other employee's benefits (including defined benefit obligation);

<sup>25</sup> EBS is a wholesale electronic trading platform used to trade on the foreign exchange market (FX) with market-making banks. It is part of CME Group (Chicago Mercantile Exchange).

- provisions for risks and charges.

While evaluations have been made based on information deemed to be reasonable and supportable as of 31 March 2023, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

Furthermore, the following factors, in addition to those illustrated above, might influence the future results of the Group and cause outcomes materially different from those deriving from the valuations: (i) general economic and industrial conditions of the regions in which the Group operates or holds significant investments; (ii) exposure to various market risks (e.g. foreign exchange risk); (iii) political instability in the areas in which the Group operates or holds significant investments; (iv) legislative, regulatory and tax changes, including regulatory capital and liquidity requirements, also taking into account increased regulation in response to the financial crisis. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.

10. Considering the current international geopolitical situation, already outlined in the previous paragraphs, the internal managerial reporting envisages the segregation of the business Russia, previously within Eastern Europe. In line with IFRS8 that requires application of a “through the eyes of the management” approach<sup>26</sup>, the Consolidated interim report as of 31 March 2023 - Press release, continues to include the Russian operating segment.

11. Regarding the scope of consolidation, in the first three months of 2023 the following changes occurred:

- the number of fully consolidated companies, including those ones classified as non-current assets and asset disposal groups based on the accounting principle IFRS5, decreases for 7 (1 in and 8 out) changing from 358, as of 31 December 2022, to 351 as of 31 March 2023;
- the number of companies consolidated by using the equity method, including those ones classified as non-current assets and asset disposal groups, is 28, unchanged from the end of 2022 to March 2023.

12. As of 31 March 2023, the main assets which, based on the application of IFRS5 accounting principle, were reclassified as non-current assets and asset disposal groups, regard the following individual asset and liability held for sale and groups of assets held for sale and associated liabilities which do not satisfy IFRS5 requirements for the classification as discontinued operations:

- the companies of the WealthCap group and the associated companies Risanamento S.p.A., Comtrade Group B.V. and Barn B.V.;
- the loans included in some sale’s initiatives of portfolios;
- the real estate properties held by certain companies in the Group.

<sup>26</sup> IFRS8 requires that the identification of operating segments and measurement of disclosed segment information shall reflect how the entity is steered, and therefore it shall be based on internal management reports.

## GENERAL NOTES

- **CET1 ratio** fully loaded throughout the document, unless otherwise stated.
- **Numbers** throughout the press release may not add up precisely to the totals provided in tables and text due to rounding.
- **Russia** includes the local bank and legal entities, plus the cross-border exposure booked in UniCredit SpA.
- **Shareholders distribution** subject to supervisory and AGM approvals.

## MAIN DEFINITIONS

- **Average commercial deposits** (excluding repurchase agreements – repos) are managerial figures and are calculated as daily averages. Deposits net of Group bonds are placed by the network.
- **Average gross commercial performing loans** defined as average stock for the period of performing loans to commercial clients (e.g., excluding markets counterparts and operations); managerial figures, key driver of the NII generated by the network activity.
- **Client Hedging Fees** refers to the client markup on client hedging transactions. The client markup is the difference between the final price to the client and the offer price, containing bid/ask spread, market risk hedging costs and day one XVA.
- **Cost of risk (CoR)** is based on reclassified P&L and Balance sheet, calculated as (i) LLPs of the period (annualised in the interim periods) over (ii) by average loans to customers (including active repos) excluding debt securities (also IFRS5 reclassified assets are excluded).
- **Coverage ratio (on NPE)** defined as stock of LLPs on NPEs over gross NPEs excluding IFRS5 reclassified assets.
- **Diluted EPS** calculated as net profit after AT1/CASHES on average number of diluted shares excluding average treasury and CASHES usufruct shares.
- **Gross customer performing deposits rates** calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
- **Gross customer performing loan rates** calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
- **Gross NPE ratio** defined as (i) gross NPEs over (ii) gross loans (including repurchase agreements – repos) excluding debt securities and IFRS5 reclassified assets.
- **Gross NPEs** defined as non-performing exposures before deduction of provisions comprising bad loans, unlikely to pay, and past due; including only loans to customers (including repurchase agreements – repos), excluding debt securities and IFRS5 reclassified assets.
- **IFRS5 reclassified assets** means exposures classified as Held for Sale.
- **LCR** means Liquidity Coverage Ratio ratio between the high-quality liquid assets (HQLA) and the net cash outflows expected over the coming 30 days, under stress test conditions.
- **Net NPE ratio** defined as (i) Net NPEs over (ii) total loans (including repurchase agreements – repos), excluding debt securities and IFRS5 reclassified assets.
- **Net NPEs** defined as loans to customers non-performing exposures after deduction of provisions, comprising bad loans, unlikely to pay and past due (including active repurchase agreements – repos, excluding debt securities and IFRS5 reclassified assets).
- **Net profit** means stated net profit adjusted for impacts from DTAs tax loss carry forward resulting from sustainability test.
- **Net profit after AT1 /CASHES** (the base for cash dividend accrual) means net profit, as defined above, adjusted for impacts from AT1 and CASHES coupons.
- **Net revenue** means (i) revenues minus (ii) Loan Loss Provisions (LLPs).
- **NSFR** means Net Stable Funding Ratio - 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

- **Organic capital generation** for Group calculated as (net profit, as defined above, minus delta RWA excluding Regulatory impacts and PD scenario impacts x CET1r actual)/ RWA.
- **PD scenario** means the impacts deriving from probability of default scenario, including rating dynamics
- **Regulatory impacts** are impacts mostly driven by regulatory changes and model maintenance, shortfall and calendar provisioning (impacting on capital).
- **RoTE** means (i) net profit after AT1/ CASHES – as defined above, over (ii) average tangible equity excluding AT1, CASHES and DTA from tax loss carry forward contribution.
- **RoTE at 13% CET1 ratio** means RoTE as defined above, but with a tangible equity assuming to distribute the capital in excess of a 13% CET1r (FL), upper end of UniCredit CET1 ratio management target, reducing immediately the tangible equity by this amount of distribution.
- **Share buyback** defined as repurchasing of shares by the company that issued them to reduce the number of shares available on the open market.
- **Stated net profit** means accounting net profit.
- **Tangible Book Value** for Group calculated as Shareholders' equity (including Group stated profit of the period) minus intangible assets (goodwill and other intangibles), minus AT1 component.
- **Tangible book value per share** for Group calculated as end-of-period tangible equity over end-of-period number of outstanding shares excluding treasury shares.
- **Tangible equity** for Group calculated as shareholders' equity (including Group stated profit of the period) minus intangible assets (goodwill and other intangibles), minus AT1 component.
- **Unlikely-to-pay (UTP):** Result of the judgement of the bank about the unlikelihood, without recourse to actions such as realizing 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.



Declaration by the Manager charged with preparing the financial reports

The undersigned, Stefano Porro, in his capacity as the Manager charged with preparing UniCredit S.p.A.'s financial reports

DECLARES

that, pursuant to article 154 bis, paragraph 2, of the “Consolidated Law on Finance”, the information disclosed in this document corresponds to the accounting documents, books, and records.

Milan, 02 May 2023

**Manager charged with  
preparing the financial reports**

