



**FOURTH SUPPLEMENT DATED 5 APRIL 2023**

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

**UNICREDIT S.p.A.**

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

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

This supplement (the **Supplement**) to the base prospectus dated 7 June 2022, as supplemented by the first supplement dated 5 August 2022, the second supplement dated 7 November 2022 and the third supplement dated 3 February 2023 (the **Base Prospectus**), constitutes a supplement for the purposes of Article 23(1) of the Prospectus Regulation and is prepared in connection with the Euro 60,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by UniCredit S.p.A. (**UniCredit** or the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

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

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

**Purpose of the Supplement**

The purpose of the submission of this Supplement is to update the following sections of the Base Prospectus: (i) “*Risk Factors*”; (ii) “*Responsibility Statement, Third Party Information and Experts’ Reports*”; (iii) “*Documents Incorporated by Reference*” to incorporate by reference the 2022 UniCredit Annual Report and Accounts, as defined below; (iv) “*Description of UniCredit and the UniCredit Group*”; and (v) “*General Information*”.

## **Risk Factors**

The section of the Base Prospectus entitled “*Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme*” is amended as follows:

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

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

The financial markets and the macroeconomic and political environment of the countries in which UniCredit operates has been impacted by non recurrent phenomena e.g.: i) Russia-Ukraine conflict and ii) the viral pneumonia known as "Coronavirus" (**COVID-19**). Both had and could continue to have a negative impact on the performance of the Group. As a matter of fact, the macroeconomic uncertainty has particularly increased due to the heightened geopolitical tension between Russian Federation and Ukraine. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty, and a sharp drop in consumer confidence. As inflation builds up due to the increase in energy price and the supply disruptions, ECB is changing its monetary stance (Deposit Facility rate: - 50 bps in June 2022, 0 bps in July, 75 bps in September, 150 bps in October, 200 bps in December, 250 bps in February 2023, 300 bps in March) and market is repricing interest rate expectations. The outlook is still surrounded by risks further tensions on commodity prices cannot be excluded and an upsurges in the ongoing Russia-Ukraine conflict cannot be ignored. Therefore, the expectations regarding the performance of the global economy remains still uncertain in both the short and medium term. The current environment, characterized by highly uncertain elements as above mentioned could generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement.

The adequate operative answer and the prudential management ensured by the Group during 2020 to face the crisis emerging from the COVID-19 pandemic, allowed in 2021 to reach a performance improvement. In fact, the Group recorded a Euro 822 million increase in revenues to Euro 17,954 million for the year ended 31 December 2021 from Euro 17,132 million for the corresponding period of 2020, sustained mainly by higher commissions and trading profit.

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

UniCredit’s LLPs, excluding Russia, decreased by 36.5 per cent Y/Y to Euro 1,012 million in FY22. Therefore, the cost of risk, excluding Russia, decreased by 14 bps Y/Y to 23 bps in FY22.

UniCredit’s LLPs in FY22 amounted to Euro 1,894 million. Therefore, the CoR in FY22 was equal to 41 bps.

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

In 2Q22 revenues stood at Euro 4.5 billion, down 6.8 per cent Q/Q due to an expected normalisation from record high levels of fee income and trading revenue in previous quarter, up 4.9 per cent Y/Y driven by net interest income growth thanks to the interest rate environment and strong commercial activity. In 3Q22 Revenues stood at Euro 4.5 billion, up 0.2 per cent Q/Q and up 4.5 per cent Y/Y. Net of the TLTRO III negative one-off, total revenues stood at Euro 4.8 billion, up 7.2 per cent Q/Q and up 11.8 per cent Y/Y driven by net interest income growth thanks to the interest rate environment and trading income reflecting favorable commercial activity<sup>1</sup>.

In 4Q22 the Group excluding Russia, has delivered revenue growth driven by a favourable interest rate environment and strong commercial momentum. This has resulted in 4.7 billion of net revenues, an increase of 34.9 per cent year on year and Euro 18.1 billion in FY22, an increase of 14.7 per cent year on year. This reflects high risk adjusted returns, delivering on all key levers across all businesses underpinned by the significant net interest income growth in 4Q22, of almost 41 per cent year on year and 42.5 per cent quarter on quarter to Euro 3.2 billion. In FY22 NII grew 16.0 per cent year on year to Euro 9.9 billion. The low loan loss provisions, at Euro 0.6 billion in the 4Q22 decreased 17.8 per cent year on year in the quarter, despite having reinforced the already existing strong lines of defence throughout the year.

In details<sup>2</sup>: FY21 NII was down 4 per cent Y/Y to Euro 9.1 billion, as a result of lower loans volumes and customer rates; fees were at Euro 6.7 billion, up 12.1 per cent FY/FY, mainly due to investment fees. FY21 trading income was up 16.0 per cent FY/FY at Euro 1.6 billion, of which Euro 1.3 billion is customer driven, increasing thanks to Valuation adjustments (XVA<sup>3</sup>) and Fair Value (FV) valuation. Also dividends were up, +25.2 per cent FY/FY to Euro 520 million, with a higher contribution from Yapi Kredi (+Euro 18 million FY/FY). In 1Q22<sup>2</sup>, NII stood at Euro 2.2 billion, down 4.2 per cent Q/Q. Adjusted for a positive non-recurring item in Germany in 4Q21 and days effect, NII was up 2 per cent Q/Q, also supported by recovering demand for credit. Average client loan volumes are up Euro 8 billion Q/Q driven by Austria, Germany and Italy; fees at Euro 1.8 billion in 1Q22, up 9.0 per cent Q/Q and 7.9 per cent Y/Y. UniCredit fees are well diversified, and all categories contributed positively, led by transactional and financing fees; trading income was strong at Euro 701 million in 1Q22, of which Euro 388 million client driven, thanks to good results in Fixed Income, Currencies & Commodities in both in Italy and Germany, with positive XVA<sup>3</sup> and good Treasury results contributing to a Q/Q increase. In 2Q22 NII stood at Euro 2.3 billion, up 6.6 per cent Q/Q and up 11.0 per cent Y/Y. The Q/Q trend reflects enhanced commercial activity particularly in Italy and increased demand for credit, treasury and market activities as well as the days' effect. The Y/Y trend reflects higher loan volumes and upturn on rates, partially offset by deposits as affected by rate increases as well as contribution from treasury, markets and term funding. Trading income has moderated, as expected, to Euro 360 million in 2Q22, down 48.7 per cent Q/Q primarily due to non-client driven components such as Euro 141 million from treasury and Euro 174 million from strategic FX Hedging dividends and earnings; and down 7.4 per cent Y/Y driven by non-client driven components primarily due to Strategic FX Hedging dividends and a decrease in earnings mainly due to ruble hedging, partially offset by client-driven XVA. Fees normalised this quarter as expected, down 6.7 per cent Q/Q and delivered a sound performance at Euro 1.7 billion, up 1.2 per cent Y/Y, demonstrating benefit diversification of our fee base. In 3Q22 NII was at 2.2 billion down 3.2 per cent Q/Q as a result of the negative one off effect of the TLTRO III contribution. Net of Euro 0.3 billion TLTRO III one-off, NII trend is up 10.4 per cent Q/Q in all the divisions due to higher volumes and higher customer rates, reflecting the market interest rates increase; fees were Euro 1.6 billion, down 4.4 per cent Q/Q affected by seasonality in Italy and down 1.8 per cent Y/Y due to investment fees, mainly on Asset under Management (AuM) in Italy, partially offset by higher certificates activities and by transactional services in Italy and Germany; trading income reached at Euro 518 million in 3Q22, up 43.8 per cent Q/Q and up 60.0 per cent Y/Y driven by the corporate demand for hedging products.

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<sup>1</sup> 2022 data excluding Russia.

<sup>2</sup> 2022 data excluding Russia.

<sup>3</sup> Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVA) and Hedging desk.

NII was at Euro 3.2 billion in 4Q22 up 42.5 per cent Q/Q as a result of higher loan customer rates, the benefit of rising interest rates and the consequent good performance of the investment portfolio, and an overall positive Euro 0.5 billion TLTRO contribution, overall, more than offsetting the negative implications on term funding and higher deposit customer rates. Y/Y NII was up 40.8 per cent in the quarter. In FY22 NII was at Euro 9.9 billion, a 16.0 per cent increase, benefiting from higher loan rates and increased commercial activity, exceeding the above Euro 9.7 billion FY22 guidance.

Fees were Euro 1.6 billion in 4Q22 down 1.7 per cent Q/Q affected by a decrease in financing fees as capital markets, specifically ECM and DCM, were negatively impacted by volatility and loan fees mainly in Germany were slowing down as well as a small decrease in transactional fees due to seasonality. Fees were down 4.4 per cent Y/Y due to lower investment fees, mainly on AuM upfront fees in Italy, partially offset by higher certificates activities and by transactional services. In FY22, fees stood at Euro 6.8 billion, a 0.8 per cent increase Y/Y, a resilient outcome thanks to the diversified fee mix. Trading income reached at Euro 511 million in 4Q22, down 1.3 per cent Q/Q, and substantially increased Y/Y, while in FY22 trading stood at Euro 2.1 billion, up 37.1 per cent Y/Y driven by corporate demand for hedging products as well as contribution from disposal of bonds in Italy and Germany.

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2021 and the consolidated Financial Statements of UniCredit as at 31 December 2022. As recently highlighted by ECB (in March 2023), also considering the positive surprise of the fourth quarter of 2022 for GDP growth, the outlook did not suggest stronger underlying growth momentum also despite the improved energy supply and prices. The adverse inflationary impact on real disposable income is expected to impede notable growth in household spending, despite still strong fiscal support. Overall, real GDP is expected by ECB to increase by 0.1 per cent. in the first quarter of 2023 and by 0.3 per cent. in the second quarter (revised up by 0.2 percentage points in both quarters from the December 2022 projections).

The world is still in a volatile and challenging period: economic, geopolitical, and ecological changes all impact the global outlook. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the potential resurgence of the COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic (potentially affecting the sustainability of the sovereign debt of certain countries) is cooling demand as policymakers aim to lower inflation back to target. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions, for example, in China.

In this context of persisting uncertainty and volatility as explained above (and impacting also on financial markets and interest rates), UniCredit group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of consolidated First Half Financial Report as at 30 June 2022 and consolidated Financial Report as at 31 December 2022. In particular, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macro-economic trends, alternative scenarios have been outlined that assume different trends in the main macro-economic parameters. Such updated scenarios were considered for the valuation of credit exposures and deferred tax assets.

With reference to the credit exposures as at 30 June 2022, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated according to the Group policies, on the basis of the scenarios highlighted above. In light of the persistent level of uncertainty, the overall blended probability was worsened by reducing the positive scenario from 5 per cent. to 0 per cent., and correspondently increasing the Baseline scenario from 55 per cent. to 60 per cent.; eventually, the Adverse scenario was kept at 40 per cent.

For further information in relation to macroeconomic scenario adopted for the evaluation of the credit exposures and at the basis of the Deferred Tax Assets (DTAs) sustainability test please see:

- the consolidated First Half Financial Report as at 30 June 2022: Explanatory notes – Part A Accounting policies – A1 General – Section 2 General preparation criteria; and
- the consolidated Financial Report as at 31 December 2022: Notes to the consolidated accounts - Part A Accounting policies – A1 General – Section 2 General preparation criteria.

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

The macro assumptions underlying the Strategic Plan excluded unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening of the COVID-19 pandemic, situations that UniCredit is monitoring closely<sup>4</sup>.

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

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

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

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

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

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

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

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<sup>4</sup> From Strategic Plan presentation: Macro assumptions in the Strategic Plan consider the recent and still existing impacts of COVID-19 with a gradual normalization over the upcoming years. The scenario does not assume that the current COVID-19 situation will develop in a particularly negative way in the upcoming years.

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

Although the Plan is based primarily through management actions, thanks to its geographical positioning UniCredit assumed the following at the time of disclosure of the Plan: (i) a conservative interest rate scenario based on a broadly stable Euribor 3 month rate over the 3 years of the MYP; (ii) the combination of its countries was expected to deliver GDP growth<sup>7</sup> above the eurozone average over the course of the Plan, helped by its Central and Eastern European positioning; (iii) Central and Eastern Europe loan growth was expected at a multiple of GDP due to the relatively low maturity of the market; (iv) UC countries had theoretical access to approximately 50 per cent of the overall fund disbursement of the Recovery and Resilience Fund allocation.

The macro assumptions underlying the Strategic Plan disclosed in December 2021 excluded unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening of the COVID 19 pandemic, situations that UniCredit is monitoring closely<sup>4</sup>.

The Plan is based on six pillars:

- Optimise: improving operational and capital efficiency, with gross cost savings, considering also Digital & Data, and a contribution to CET1 ratio from active portfolio management; expect RWA to decrease over the course of the Plan as active portfolio management more than offsets impact of organic growth and expected regulatory headwinds and thanks to additional risk and business levers;
- Invest: cash investments in Digital & Data, new hires in Business and Digital & Data, targeted growth initiatives including ESG; gross integration costs impact from: Team23 acceleration, technology benefit and simplification & streamlining;
- Grow: increasing net revenues in the period 2021-2024, thanks to of all the optimisation UniCredit is undertaking, and underlying focus on quality growth;
- Return: increasing in 2024;
- Strengthen: maintain solidity thanks to revised CET1 ratio target, decrease in gross NPE ratio and stable net NPE ratio in 2024;
- Distribute: higher distribution consistently with organic capital generation<sup>5,6</sup> from net profit and RWA evolution.

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

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

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

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

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

UniCredit after having updated the macroeconomic assumptions connected with the determination of LLPs in December 2021 has further updated the macroeconomic assumptions with reference to Russia as at 1Q22 in light of a drop in GDP higher than those expected under the negative scenario considered in December 2021 in accordance with International Financial Reporting Standards 9 (**IFRS9**). In 2Q22 the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated, according to the Group policies, for all the Regions in which UniCredit operates. With reference to the 3Q22 a comparison between the scenarios used in the evaluation process of credit exposures as at 30 June 2022 and the updated macro-economic scenario released in September 2022 by UniCredit Research was performed. Considering the limited decrease in GDP evolution between the periods, the IFRS9 macro-economic scenario was not updated as at 30 September 2022.

For the FY22, reflecting UniCredit's historically prudent approach on classification and provisioning, the cost of risk, excluding Russia, is 23 basis points. Cost of risk, excluding Russia, is expected in the 30 to 35 basis points range over the plan period.

Furthermore, should any of the assumptions turn out to be inaccurate and/or the circumstances envisaged not be fulfilled, or fulfilled only in part or in a different way to that assumed, the ability to meet the Strategic Objectives may be negatively impacted.

Given the inherent uncertainty surrounding any future event, both in terms of the event's occurrence as well as eventual timing, the differences between the actual values and the Strategic Objectives could be significant. Any failure by the Group to implement the Strategic Plan or meet the Strategic Objectives may have a material adverse effect on UniCredit's business, financial condition or results of operations. Assumptions by their nature are inherently subjective and the assumptions underlying the Strategic Objectives could turn out to be inaccurate, in whole or in part, which may mean that UniCredit is not able to fulfil the Strategic Plan. If this were to occur, the actual results may differ significantly from those set forth in the Strategic Objectives, which could have a material adverse effect on UniCredit's business, results of operations, financial condition or capital position.

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

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

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

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

The activity, financial and capital strength and profitability of the UniCredit Group depend, among other things, on the creditworthiness of its customers. In carrying out its credit activities, the Group is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down thereof.

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

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

commercial banks, investment banks, funds and other institutional customers, and with non-institutional Group customers. These operations expose the UniCredit Group to the risk of counterparty, which is the risk that the counterparty may become insolvent before the contract matures, not being able to fulfil its obligations towards to the Issuer or one of the other Group companies.

As at 31 December 2022, Group gross NPEs, excluding Russia, were down by 29.4 per cent Y/Y and 8.1 per cent Q/Q to Euro 11.9 billion in 4Q22 (while as at 30 September 2022 they were equal to Euro 13.0 billion) with gross NPE ratio of 2.6 per cent. (-1.2 p.p. Y/Y, -0.2 p.p. Q/Q).

As at 31 December 2022, Group Net NPEs, excluding Russia, stood at Euro 6.3 billion decreased compared to 30 September 2022 which attested at Euro 6.5 billion (Group Net NPE ratio, excluding Russia, stable compared to 30 September 2022 and is equal to 1.4 per cent.).

As at 31 December 2022, the Group gross NPEs decreased to Euro 12.5 billion (-8.9 p.p. Q/Q, -27.5 p.p. Y/Y) while as at 30 September 2022 they were equal to Euro 13.8 billion, while Group Net NPEs were decreased to Euro 6.5 billion.

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

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

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

Starting from the year 2015 the overall reduction of the Group NPE amounted to about Euro 65 billion, moving from Euro 77.8 billion of 2015 to Euro 12.5 billion of 4Q22 (Euro 17.3 billion of 2021). This amount includes the loans disposed of through Project Fino in July 2017 and IFRS 5 positions if any.

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

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

UniCredit’s Loan Loss Provisions (LLPs), excluding Russia, decreased by 36.5 per cent Y/Y to Euro 1,012 million in FY22. Therefore, the cost of risk, excluding Russia, decreased by 14 bps Y/Y to 23 bps in FY22.

UniCredit’s LLPs in FY22 amounted to Euro 1,894 million. Therefore, the CoR in FY22 was equal to 41 bps. The Group increased the amount of overlays on performing exposures Q/Q reaching circa Euro 1.8 billion. This substantially reinforces the Group’s capacity to withstand macroeconomic shocks.



With reference to credit exposures, a geopolitical overlay was recognized in specific geographies in 4Q2022 to reflect the increase in credit risk arising from the soaring in energy price, inflation and increase in interest rate applied. Furthermore in 4Q2022 the existing Supply Chain overlay was reviewed considering the risks stemming from the Russian Gas stoppage and energy crises.

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

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

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

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

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

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

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

With reference to the Group's sovereign exposures, the book value of sovereign debts securities as at 31 December 2022 amounted to Euro 99,103 million (as at 31 December 2021 it amounted to Euro 114,690 million), of which over the 80 per cent was concentrated in eight countries, including: Italy with Euro 34,826 million (at 31 December 2021 it amounted to Euro 43,121 million), representing over 35 per cent of the total (about 38 per cent at 31 December 2021) and over 4 per cent of the Group total assets (about 5 per cent at 31 December 2021); Spain with Euro 13,767 million; Japan with Euro 10,310 million; Germany with Euro 7,146 million; United States of America with Euro 6,120 million; France with Euro 2,678 million; Romania with Euro 2,525 million and Bulgaria with Euro 2,305 million.

As at 31 December 2022, the remaining 20 per cent of the total sovereign exposures in debt securities, equal to Euro 19,426 million as recorded at the book value, was divided between 34 countries, including: Austria (Euro 2,103 million), Czech Republic (Euro 1,925 million), Croatia (Euro 1,759 million), Portugal (Euro 1,594 million), Hungary (Euro 1,568 million), Israel (Euro 1,131 million), Poland (Euro 1,022 million), Ireland (Euro 983 million), Serbia (Euro 946 million), Russia (Euro 822 million) and China (Euro 685 million).

With respect to these exposures, as at 31 December 2022, there were no indications that defaults have occurred and the Group is closely monitoring the evolution of the situation.

With particular reference to the book value of the sovereign debt securities exposure to Russia it should be noted that Euro 819 million are held by the Russian controlled bank in local currency and almost totally classified in the banking book.

Note that the aforementioned remaining of the sovereign exposures held as at 31 December 2022 also included debt securities relating to supranational organisations, such as the European Union, the European Financial Stability Facility and the European Stability Mechanism, worth Euro 3,241 million (as at 31 December 2021 it amounted to Euro 2,680 million).

In addition to the Group's sovereign exposure in debt securities, there were also loans issued to central and local governments and government bodies, amounting to Euro 25,321 million as at 31 December 2022 (as at 31 December 2021 it amounted to Euro 31,068 million)."

- In the subsection "*Risks related to the financial situation of the Issuer and of the Group*", the Risk Factor headed "*Risks relating to deferred taxes*", on pages 29-30 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

*"1.1.5 Risks relating to deferred taxes*

Deferred Tax Assets' (**DTAs**) and liabilities are recognized in the consolidated financial statements according to accounting principle IAS 12. As of 31 December 2022, DTAs amounted in aggregate to Euro 11,848 million, of which Euro 5,793 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (**Law 214/2011**). As of 31 December 2021, DTAs totally amounted to Euro 11,726 million, of which Euro 6,313 million available for conversion to tax credits pursuant to Law 214/2011. Under Law 214/2011, DTAs related to loan impairments and loan losses, or to goodwill and certain other intangible assets, may be converted into tax credits if the company has a full-year loss in its non-consolidated accounts relating to convertible DTAs (to which such convertible DTAs relate) (**Convertible DTAs**). Under the conversion into tax credits, Convertible DTAs recognized in the accounts of the company with the non-consolidated full-year loss, and a proportion of the deferred tax credits are converted in accordance with a ratio between the amount of the full-year loss and the company's shareholders' equity.

Law 214/2011 also provides for the conversion of Convertible DTAs if there is a tax loss on a non-consolidated basis. In such circumstances, the conversion of the Convertible DTAs is recognized in the financial statements against the tax loss, limited to the loss generated from the deduction of the same categories of negative income components (loan impairments and loan losses, or related to goodwill and other intangible assets).

As at 31 December 2022, the remaining Deferred Tax Assets (*i.e.*, DTAs non-convertible into tax credits) are related to costs and write-offs deductible in future years, for Euro 2,931 million (net of related deferred tax liabilities), and to tax losses carried forward (**TLCF**) for Euro 3,124 million. DTAs on TLCF are mainly related to UniCredit S.p.A. for Euro 2,428 million (of which Euro 650 million booked at the end of 2022 following the sustainability test), to UniCredit S.p.A. for Euro 211 million tax credit IRAP deriving from the conversion of so called *Aiuto alla Crescita Economica* (ACE), to UniCredit Bank Austria AG for Euro 369 million (of which Euro 196 million booked during 2022 following the confirmation by Austrian Tax Authority and related to previous business deals), to UniCredit Leasing S.p.A. for Euro 76 million.

The above mentioned amounts are the ones resulting from the sustainability test provided for IAS12, that takes into account the economic projections foreseeable for future years and the peculiarities of the

fiscal legislations of each country, in order to check whether there are future taxable incomes against which TLCF can be offset.

At Group level total not recognized DTAs TLCF are equal to Euro 2,061 million mainly referred to UniCredit S.p.A. for Euro 1,490 million, to UniCredit Leasing S.p.A. for Euro 267 million, to UniCredit Bank AG and its subsidiaries for Euro 194 million and to UniCredit Bank Austria AG and its subsidiaries for Euro 78 million.

If, for whatever reason, significant changes in the current tax legislation may occur, not foreseeable at present, such as the rate change, or the updating of the income statement estimates with the latest available official projections should lead to lower taxable future income than those estimated in the sustainability test, and therefore not sufficient to guarantee the reabsorption of the DTAs in question, negative and even significant effects on the activities and on the economic, equity and/or financial situation of the Issuer and/or the Group could occur.”

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

#### “1.2.1 Liquidity Risk

Liquidity risk refers to the possibility that the UniCredit Group may find itself unable to meet its current and future, anticipated and unforeseen cash payment and delivery obligations without impairing its day-to-day operations or financial position. The activity of the UniCredit Group is subject in particular to funding liquidity risk, market liquidity risk, mismatch risk and contingency risk.

The most relevant risks that the Group may face are:

- i. an exceptionally high usage of the committed and uncommitted lines granted to corporate customers;
- ii. an unusual withdrawal of sight deposits by UniCredit’s retail and corporate customers;
- iii. the decline in the market value of the securities in which UniCredit invests its liquidity buffer;
- iv. the capacity to roll over the expiring wholesale funding and the potential cash or collateral outflows the Group may suffer in case of rating downgrades of both the banks or the sovereign debt in the geographies in which it operates.

In addition to this, some risks may arise from the limitations applied to the cross-border lending among banks.

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

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

- the short-term indicator Liquidity Coverage Ratio (**LCR**), which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by UniCredit) and the net cash imbalance accumulated over a 30-day stress period; the indicator is subject to a minimum regulatory requirement of 100 per cent.; and

- the 12-month structural liquidity indicator Net Stable Funding Ratio (**NSFR**), which corresponds to the ratio between the available amount of stable funding and the required amount of stable funding.

As of December 2022, the LCR of the Group was equal to 161 per cent., whereas at 31 December 2021 was equal to 182 per cent. (calculated as the average of the 12 latest end of month ratios). As of December 2022, the NSFR was above the internal limit of 102 per cent., as at 31 December 2021, set in the risk appetite framework.

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

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

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

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

An important mitigating factor to these risks are the contingency management policies in place in the Group system of rules and the measures announced by the ECB, which have granted a higher flexibility in the management of the current liquidity situation by leveraging on the available liquidity buffers. In fact, due to the financial market crisis, followed also by the reduced liquidity available to operators in the sector, the ECB has implemented important interventions in monetary policy, such as the "Targeted Longer-Term Refinancing Operation" (**TLTRO**) introduced in 2014 and the TLTRO II introduced in 2016. It is not possible to predict the extension of the duration and the amounts with which these liquidity support operations can be repeated in the future, with the result that it is not possible to exclude a reduction or even the cancellation of this support. This would result in the need for banks to seek alternative sources of borrowing, without ruling out the difficulties of obtaining such alternative funding as well as the risk that the related costs could be higher. Such a situation could therefore adversely affect UniCredit's business, operating results and the economic and financial position of UniCredit and/or the Group.

As of 31 December 2022, following the early repayment for Euro 29 billion by December 2022, UniCredit group still retains Euro 77.8 billion of TLTRO III, with the main tranche maturing in June 2023 and the additional one to be repaid in March 2024. As of 31 December 2022 UniCredit Group had other minor refinancing operation in place other than TLTRO III in the subsidiaries in Eastern Europe.

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

### **TLTRO III**

<b>Effect from</b>	<b>Maturity</b>	<b>Amounts (Euro -billion)</b>
24 June 2020	28 June 2023	65.2
24 March 2021	27 March 2024	12.6
<b>Total</b>		<b>77.8</b>

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

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

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

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

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

As at 31 December 2022 fair value of both properties held for investment and properties used in business was re-determined through external appraisals following the Group guidelines.

For the year end 2022, a positive effect for Euro 109 million gross of tax effect has been recognised, as detailed below:

- for real estate assets used in business (booked in item “90. Property, plant and equipment”), the recognition of an increase in the specific valuation reserve for an amount of Euro 92 million. In addition to this increase, gains for Euro 11 million were recognised in the income statement gross of tax effect;
- for real estate assets held for investment (booked in item “90. Property, plant and equipment”), the recognition of an income statement result positive for Euro 6 million gross of tax effect.

It is worth to mention that the valuation of properties at current values implies a possible risk of volatility as well as an increase of the so-called real estate risk. By reference to the real estate units held as at 31 December 2022 and their corresponding market value overall equal to Euro 5,890 million, has been estimated a sensitivity to the increase/decrease in real estate values of +/-1 per cent. equal to approximately Euro 59 million corresponding to approximately +/-2 basis point of CET1 ratio.

Moreover, the measurement of inventories of property, plant and equipment to the lower between cost and net realizable value has determined the recognition of a net write-down for - Euro 3 million.

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

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Risks connected with the UniCredit Group’s activities in different geographical areas*”, on page 33 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.2.3 *Risks connected with the UniCredit Group's activities in different geographical areas*”

The Group's business is closely connected to the Italian economy (43 per cent. of revenues in FY22) and could, therefore, be negatively impacted by any changes in the macroeconomic environment considering the recent geopolitical developments, energy and core inflation increase.

The UniCredit Group operates and has a significant presence also in in Germany (which accounted for 24 per cent. of our total revenues in FY22), as well as in Central Europe (17 per cent. including Austria, Czech Rep, Hungary and Slovenia) and in Eastern Europe countries (10 per cent. including Croatia, Bulgari, Romania, Bosnia and Serbia) 6 per cent. of revenues in FY22 from Russia. The risks and uncertainties to which UniCredit is exposed are of a different nature and magnitude depending on the country, and whether or not the country belongs to the European Union, which is one of the main factors taken into consideration when evaluating these risks and uncertainties.

A deterioration in the macroeconomic conditions in Western Europe, an increase in the volatility of their capital markets, a significant increase in the cost of funding, the end of the current period of ready availability of liquidity in the respective markets or an increase in political instability could create a difficult operating environment and have a negative impact on UniCredit’s profitability, as well as our assets and operations, balance sheet and/or income statement.

CE & EE countries have also historically featured volatile capital and foreign exchange markets, as well as a certain degree of political, economic and financial instability (which for certain countries might increase due to spillover effects of the Russia Ukraine conflict). In some cases, CE & EE countries have a less developed political, financial and legal system, when compared to Western European countries. In countries where there is greater political instability, there is the risk of political or economic events affecting the transferability and/or limiting the operations of one or more of the UniCredit Group companies, as well as the risk that local governments could implement nationalization policies or introduce similar restrictions or other measures, which could directly affect Group companies and/or which could have negative consequences on our assets and operations, balance sheet and/or income statement.

In addition, UniCredit geographic presence implies risks related to negative effects of Russia Ukraine conflict. In the extreme scenario, where the entirety of our maximum exposure is non-recoverable and zeroed, UniCredit capital position would allow to absorb such impact while still having a solid capital position. Whilst UniCredit does not consider this extreme scenario as base case, it is closely monitoring the developments in the country, in full cooperation with regulators, and with dedicated cross expert teams which defined robust and tested contingency plans, and it is taking a prudent and sustainable

approach to distributions. UniCredit continues to dynamically manage its risk exposure, whilst constantly assessing the potential impact of the conflict on global GDP and public policies.”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Market risks*”, on pages 34-35 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

#### “1.2.4 Market risks

The UniCredit Group is exposed to Market Risk. Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading Book, as well as those posted in the Banking Book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments.

Specifically, the Trading book is defined as all positions in financial instruments and commodities held either with trading intent, or in order to hedge positions held with trading intent. Books held with trading intent are composed of:

- positions arising from client servicing and market making;
- positions intended to be resold in the short term;
- positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations.

In addition, Trading book may include internal or intra-group hedging derivatives transferring risk from Banking book into Trading book, entitled to manage the relevant risk and having access to the derivatives market.

The essential requirement for the Regulatory Trading book assignment is a clear "trading intent" which the trader has to commit to and has to confirm on an ongoing basis. Additionally, the so called "tradability", "marketability" and "hedge-ability" requirements have to be assessed in order to evaluate the appropriateness for the Trading book assignment. The financial instruments (an asset or a liability, cash or derivative) held by the Group are exposed to changes over time driven by moves of market risk factors. The market risk factors are classified in the following five standard market risk asset classes:

- Credit risk: the risk that the value of the instrument decreases due to credit spreads changes, issuer correlation and recovery rates;
- Equity risk: the risk that the value of the instrument decreases due to increase/decrease of index/stock prices, equity volatilities, implied correlation;
- Interest rate risk: the risk that the value of the instrument decreases due to interest rates changes, basis risk, interest rates volatility;
- Currency risk: the risk that the value of the instrument decreases due to foreign exchange rates changes, foreign exchange rates volatility;
- Commodity risk: the risk that the value of the instrument decreases due to changes of the commodity prices, for example gold, crude oil, commodity prices volatility.

Market risk in UniCredit group is measured and limited mainly through two sets of metrics: Broad Market Risk measures and Granular Market Risk measures.

As at 30 December 2022 RWA (Risk-Weighted Assets) for Market Risk (excluding credit valuation adjustments - CVA Risk) amounted to Euro 10.2 billion out of a total of Euro 308.5 billion of Total

Group RWA. Total Market Risk RWA (excluding CVA Risk) are split between the part calculated under the internal model (Euro 5.95 billion) and the standardised approach (Euro 3.89 billion) and settlement risk (Euro 0.06 billion). In addition, starting from December 2019 an additional capital requirement has been added, amounting to Euro 299.77 million as of 30 December 2022.

Therefore, it is not possible to exclude, considering the trend of the market variables, possible negative effects on the activities and the economic, capital and/or financial situation of the Issuer and/or the Group.”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Interest rate fluctuation and exchange rate risk*”, on pages 34-35 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

#### “1.2.5 Interest rate fluctuation and exchange rate risk”

The interest rate banking book, earnings and economic value are exposed to: changes in interest rates that may have a negative impact in the value and interest flows of the assets and liabilities held by the Group; changes in the behavioural models; changes in the basis of Interest rate curves tenors and changes of the Interest rate volatilities.

The Market Risk impact on the Group is low, in coherence with the mission of the Group and it is tracked by an ad hoc Key Performance Indicator (**KPI**) on the Ratio between Market Risk-Weighted Assets (**RWA**) and Overall RWA.

The UniCredit Group implements also a hedging policy of risks related to the fluctuation of interest rates. Such hedges are based on estimates of behavioural models and interest rate scenarios which could have an impact on the activity, operating results and capital and financial position of the Group.

For further information, please see the consolidated financial statements of UniCredit as at 31 December 2022, Part E – Information on risks and hedging policies, incorporated by reference herein.”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Operational risk*”, on pages 35-36 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

#### “1.2.6 Operational risk”

The UniCredit Group is exposed to operational risk. Operational risk also includes legal risk and compliance risk, but not strategic risk and reputational risk. The main sources of operational risk statistically include the instability of operating processes, poor IT security, excessive concentration of the number of suppliers, changes in strategy, fraud, errors, recruitment, staff training and loyalty and, lastly, social and environmental impacts. It is not possible to identify one consistent predominant source of operating risk.

The complexity and geographical distribution of the UniCredit Group's activities requires a capacity to carry out a large number of transactions efficiently and accurately, in compliance with the various different regulations applicable.

The UniCredit Group has a framework for managing operational risks, comprising a collection of policies and procedures for controlling, measuring and mitigating Group operational risks. These measures could prove to be inadequate to deal with all the types of risk that could occur and one or more of these risks could occur in the future as a result of unforeseen events, entirely or partly out of our control (including, for example, non-compliance of suppliers with their contractual obligations, fraud, deception or losses resulting from the disloyalty of employees and/or from the violation of control procedures, IT virus attacks or the malfunction of electronic and/or communication services, possible



terrorist attacks). The realization of one or more of these risks could have material adverse effects on our business, financial condition and results of operations.

Moreover, in the context of its operation, the UniCredit Group outsources the execution of certain services to third companies, regarding, *inter alia*, banking and financial activities, and supervises outsourced activities according to policies and regulations adopted by the Group. The failure by the outsourcers to comply with the minimum level of service as determined in the relevant agreements might cause adverse effects for the operation of the Group.

The UniCredit Group has always invested a lot of efforts and resources in upgrading its IT systems and improving its defence and monitoring systems. Based also on the Strategic Plan 2022-2024, digitalisation is at the heart of Bank's strategy and its ultimate ambition is to be a truly digital bank. Operational risk remains a significant focus for the Group, with reinforced controls of business and governance process across all legal entities and with a permanent optimisation of work process. However, possible risks remain with regards to the reliability of the system, the quality, integrity and confidentiality of the data managed, increasing of digital exposure and the continuously evolving threats landscape to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the operations of the UniCredit Group, as well as on the capital and financial position of the Issuer and/or the Group.

Some of the more serious risks relating to the management of IT systems that the UniCredit Group has to deal with are possible violations of its systems due to unauthorised access to its corporate network or IT resources, the introduction of malwares into computers or infrastructures, or any other form of abuse committed via digital channels. Similar attempts have become more frequent over the years throughout the world and therefore can threaten the protection of information relating to the Group and its customers, and can have negative effects on the integrity of the Group's IT systems, as well as on the confidence of its customers and on the actual reputation of the Group, with possible negative effects on the capital and financial position of the Issuer and/or the Group.

UniCredit Group is subject to the regulations governing the protection, collection and processing of personal data in the jurisdictions in which it operates. While the Group maintains internal procedures that are compliant with applicable regulation, it remains exposed to the risk that the data could be damaged or lost, or removed, disclosed or processed (data breach) for purposes other than those authorized by the customer, including by unauthorized parties (such as third parties or Group employees) or with insufficient lawful basis (e.g. Standard Contractual Clauses to be signed in case of transfer of personal data outside EEA). Examples of data processed for purposes other than those for which they were collected or by unauthorised parties may be: the viewing of data by employees outside their work duties or for clients of other branches/portfolios of other managers; the employee of a supplier, appointed as Data Processor, processing the data with procedures/methods or for purposes other than those stated in the Data Processing Agreement.

With reference to the insufficient lawful basis, the European Court of Justice, in its July 2020 decision<sup>8</sup>, confirmed the validity of Standard Contract Clauses as an instrument of transfer/lawful basis, but added the responsibility, on the "exporter" of the personal data, to assess whether the country of destination of the data offers a level of protection of the rights and freedoms of the data subject equivalent to the one guaranteed in Europe, by Regulation (EU) 2016/679. Moreover, the European Data Protection Board has stated, in documents released after the decision, that even simple access to the data (i.e., by an employee of the third company engaged for IT platform maintenance activities) may constitute a transfer of personal data. Thus, the potential risk is that personal data may be processed by third parties, appointed as Data Processor, from countries outside the European Economic Area without the presence

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<sup>8</sup> Judgment in Case C 311/18, Data Protection Commissioner v Facebook Ireland and Maximilian Schrems, that invalidated the adequacy decision of personal data protection provided by the "EU-US Data Protection Shield".

of Standard Contract Clauses and/or without an adequate assessment by the data controller of the privacy rules in the destination country.

Over the past few years, has been subject to cyber-attacks which led, even though only in a few limited cases, to the theft of personal data. In this regard, taking into account the type of risks detected, UniCredit, in addition to strengthening the protection measures already in place, carried out a wide and in-depth assessment of the effects that may derive also for financial statements purposes.

In this regard it should be noted that on 5 February 2020, the Italian Personal Data Protection Authority notified UniCredit S.p.A. of the start of sanctioning proceedings regarding a violation of customers' personal data following a Cyber-attack (data breach) occurred in October 2018, communicated through its Group website on 22 October 2018. It is currently not possible to define the timeline and outcome of the proceedings.

In addition, the investment made by the UniCredit Group in software development further increases the risk that when one or more of the above-mentioned circumstances occurs, the Group may suffer financial losses if the software is destroyed or seriously damaged, or will incur repair costs for the violated IT systems, as well as being exposed to regulatory sanctions.

Starting from 2018, the UniCredit Group has subscribed a Cyber Insurance Policy with European Insurance Companies with adequate rating and with reasonably high limits, to cover damages, in compliance with the current local legislation, caused by Data Breach and other cyber-attacks on the IT systems, except for compensation for sanctions where national law does not allow it.”

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

“1.2.7 Risks connected with legal proceedings

1.2.7.1 Risks connected with legal proceedings in progress

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

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 31 December 2022, the UniCredit Group set aside a provision for risks and charges of Euro 620.97 million, of which Euro 296.2 million for the parent company UniCredit S.p.A. As of 31 December 2022, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 7.5 billion, of which approximately Euro 5.2 billion for the proceedings involving the parent company UniCredit S.p.A. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

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

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

#### 1.2.7.2 Risks arising from tax disputes

At the date of this Base Prospectus, there are various tax-related proceedings pending regarding UniCredit and other companies belonging to the UniCredit Group, as well as tax inspections by the competent authorities in the various countries in which the Group operates. In consideration of the uncertainty that defines the tax proceedings in which the Group is involved, there is the risk that an unfavourable outcome and/or the emergence of new proceedings could lead to an increase in risks of a tax nature for UniCredit and/or for the Group, with the consequent need to make further provisions and/or outlays, with possible negative effects on the operating results and capital and/or financial position of UniCredit and/or the Group.

As of 31 December 2021, the total amount of provisions for tax risks related to legal proceedings, inspections, and tax credits amounted to Euro 182.45 million, of which Euro 2.92 million for legal expenses. As of 31 December 2022, the total amount of provisions amounted to Euro 178.77 million, of which Euro 2.56 million for legal expenses.

As far as the tax inspections and tax disputes are concerned, in relation to 31 December 2022, reference is made to Section headed “*Legal and arbitration proceedings*” of this Base Prospectus.

Finally, it should be pointed out that in the event of a failure to comply with or a presumed breach of the tax law in force in the various countries, the UniCredit Group could see its tax-related risks increase, potentially resulting in an increase in tax disputes and possible reputational damage.

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

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

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

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

risks. They constrain the structure of liabilities and require the use of subordinated debt, which have an impact on cost and potentially on the Issuer's financing capacity.

Following the communication received by the Single Resolution Board (SRB) and the Bank of Italy in May 2022, the Issuer shall comply, on a consolidated basis, with an intermediate MREL equal to the 20.73 per cent of Risk Weighted Assets (RWA) - plus the applicable Combined Buffer Requirement (CBR) - and 5.90 per cent of leverage ratio exposures (LRE). Similarly, the Issuer has to comply with a subordinated MREL, i.e. to be met with subordinated instruments, equal to 11.79 per cent RWA - plus the applicable CBR - and 5.68 per cent LRE. From 1 January 2024, the consolidated MREL will become "fully loaded" and will be equal to 21.83 per cent of RWA - plus the applicable CBR - and 5.90<sup>9</sup> per cent of LRE. The corresponding "fully loaded" MREL subordinated component will be equal to 15.53 per cent of RWA plus applicable CBR and 5.77<sup>8</sup> per cent of LRE. Moreover, the Issuer shall comply with a TLAC requirement, that from 1 January 2022, is equal to the maximum between 18 per cent of RWA – plus the applicable CBR – and 6.75 per cent of LRE. For more information on the capital adequacy legislation applicable to the Issuer, please see Section headed "*Information about the Issuer*", paragraph 1.1.4, "*The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer*" of this Base Prospectus.

Article 513 of the CRR requires the European Commission to complete a review of the macroprudential provisions in the CRR and CRD by June 2022 and every five years thereafter, and, if appropriate, to submit a legislative proposal to the European Parliament and to the Council by December 2022 and every five years thereafter. At the time of this Supplement, no specific change of the regulatory reclassification of capital instruments is currently deemed reasonably foreseeable.

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

In October 2021, the European Commission published the Banking Package, by way of a regulation (CRR3), implementing the final Basel standards into the EU legislation with new rules for the calculation of risk weighted assets for credit, operational, Credit Valuation Adjustment (CVA) and market risks as well as the introduction of the Output floor. Going beyond Basel by way of a Directive (CRD6), the Commission also made some proposals on Environmental Social and Governance (ESG) Risks, Fit & Proper and Third-Country Branches. While the legislative iter is on-going, once agreed on the final text among the various stakeholders involved in the process (European Commission, European Parliament and EU Council) and once implemented in the Union, these regulatory changes will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements.

#### Capital Adequacy requirements

The ECB is required under the Council Regulation (EU) No. 1024/2013 (the SSM Regulation establishing the Single Supervisory Mechanism (SSM)) to carry out a Supervisory Review and Evaluation Process (SREP) at least on an annual basis. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management

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<sup>9</sup> LRE requirement defined and communicated by SRB in line with "SRB approach to CRR discretion on leverage and MREL calibration" published on 22 December 2021 and 7 March 2022.

and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system.

In December 2022, UniCredit has been informed by the ECB of its final decision concerning capital requirements following the results of its annual SREP (SREP 2022). With its decision the Single Supervisor has increased, compared to the SREP decision of the previous year, the Pillar 2 capital requirement by 25 basis point to 200 basis points. The Pillar 2 requirement (P2R) shall be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum. UniCredit is allowed to partially use Additional Tier 1 or Tier 2 instruments in order to comply with the Pillar 2 Requirements (P2R) instead of Common Equity Tier 1 (CET1) capital, in line with the latest revision of the Capital Requirements Directive (CRD V). As a consequence, UniCredit is required to meet the following overall capital requirements on a consolidated basis as of January 2023<sup>10</sup>:

- Common Equity Tier 1 ratio: 9.26 per cent.
- Tier 1 ratio: 11.13 per cent.; and
- Total Capital ratio: 13.63 per cent.

As of 31 December 2022, the consolidated CET1 Capital, Tier 1 and Total Capital Transitional ratios were equal to, respectively, 16.68 per cent, 18.65 per cent and 21.42 per cent. Therefore, CET1 Transitional ratio was exceeding the relevant requirement by 756 bps (so called MDA buffer).

From 30 June 2020 the Group has adopted the so-called transitional phase-in regarding the application of the IFRS9 accounting principle. As of 31 December 2022, the CET1 ratio Fully Loaded, i.e. calculated without considering the benefit arising from IFRS 9 Transitional arrangements, was equal to 16.00 per cent exceeding by 688 bps CET1 ratio requirements.

As of 31 December 2022, the Transitional Leverage Ratio was 6.07 per cent.

In the first months of 2022 UniCredit participated to the ECB stress test on “Climate Risk” launched on 27 January. Such test represented a learning exercise for banks and supervisors alike, aiming to identify vulnerabilities, best practices and challenges that the banks face when managing climate-related risk. Importantly, this exercise had no direct implications for banks’ capital levels and the outcome was considered in the Supervisory Review and Evaluation Process from a qualitative point of view only. Aggregate results (no individual results) were published by the ECB in July 2022.

UniCredit is also taking part to the 2023 EU-wide stress test conducted by the European Banking Authority (**EBA**), in cooperation with the Single Supervisory Mechanism (**SSM**), the European Central Bank (ECB) and the European Systemic Risk Board (**ESRB**). The 2023 EU-wide stress test does not contain a pass/fail threshold as it is instead designed to be used as an important source of information for the purposes of the SREP. The results will assist Competent Authorities in assessing UniCredit's ability to meet applicable prudential requirements under stressed scenarios. The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2023-2025). The stress test has been carried out applying a static balance sheet assumption as of December 2022 and therefore does not consider future business strategies and management actions. The EBA plans to publish the results for the individual banks, including UniCredit, by the end of July 2023. Furthermore, during the fourth quarter of 2022, EBA performed the annual EU-wide transparency exercise to provide updated

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<sup>10</sup> Based on the Countercyclical Capital Buffer equal to the December 2022 value. As of December 2022 previous to the increase of the Pillar 2 requirements were: Common Equity Tier 1 ratio 9.12 per cent; Tier 1 ratio: 10.95 per cent.; and Total Capital ratio: 13.38 per cent. The Countercyclical Capital Buffer (CCyB) depends on the credit exposures of UniCredit to countries where countercyclical capital ratios have been or will be set and on the respective requirements set by the relevant national authorities and therefore may vary on a quarterly basis over the reporting period.

information as of September 2021, December 2021, March 2022 and June 2022 on banks' exposures and asset quality to financial operators; EBA published the results in December 2022.

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

Furthermore, on 31 January 2023, in connection with the Board of Directors communication of the consolidated Group results for the financial year ended on 31 December 2022, the Company announced the aim of remunerating the Shareholders for the financial year 2022 with an overall distribution up 40 per cent. versus the previous financial year, while preserving capital strength.

In this respect, the Board of Directors has called on March 31, 2023 an ordinary shareholders' meeting to resolve, among others, an authorisation to distribute a cash dividend and purchase shares as part of the activities envisaged in the 2022-2024 strategic plan (**UniCredit Unlocked**).

In particular, for the financial year ended on 31 December 2022, it is expected a distribution of approximately Euro 5,250 million, composed of:

1. a cash dividend equal to a total consideration of Euro 1,906,562,000.00 from the allocation of profit for the year 2022, corresponding to approximately 35 per cent. of the “Net Group Profit”<sup>11</sup>; and
2. purchases of UniCredit shares (so called share buy-back programme) corresponding to a total expenditure up to Euro 3,343,438,000.00. The shares thus purchased will be subsequently subject to cancellation.

The share buy-back programme referred has been authorized by the ECB, it will be made in compliance with the purposes set out in the laws and regulations in force and applicable from time to time and with any indications given by the relevant Supervisory Authorities, and executed assessing a prudent and sustainable approach to distributions.

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

- In the subsection “*Risks connected with the legal and regulatory framework*”, the Risk Factor headed “*Evolution of banking prudential regulation*”, on page 41 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.3.2. *Evolution of banking prudential regulation*”

The Group and the Issuer operate in a stringent and detailed regulatory context and are subject to the supervision by the competent supervisory authorities (i.e. European Central Bank, Bank of Italy, CONSOB). Either the regulatory framework and the supervision activity are subject to ongoing changes in the law and ongoing developments respectively. Moreover, being a listed issuer, the Issuer shall comply with all the further provisions enacted by CONSOB. Together with all these laws and regulations, the Issuer shall also comply with, by way of example but not limited to, anti-money laundering, usury and consumer protections legislations.

Notwithstanding the Issuer undertakes to comply with all the applicable statutory provisions, the risk of non-compliance with different legal and regulatory requirements, could lead to additional legal risk

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<sup>11</sup> Excluding Russia segment contribution.

and financial losses, as a result of regulatory fines or reprimands, litigations, or reputational damage, and in extreme scenarios, to the suspension of operations or even withdrawal of authorization to pursue business.

The banking and financial regulatory framework to which the Group is subject is extremely stringent and detailed. The Issuer is also subject to the supervision by the competent supervisory authorities, including European Central Bank, Bank of Italy and CONSOB.

Failure to observe any of the legal and regulatory provisions currently in force or any changes relating to the interpretation of the applicable legislation by the competent authorities could negatively impact the operating results and capital and financial position of UniCredit.

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

- In the subsection “*Risks connected with the legal and regulatory framework*”, the Risk Factor headed “*Risks connected with ordinary and extraordinary contributions to funds established under the scope of the banking crisis rules*”, on pages 41-42 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.3.3 *Risks connected with ordinary and extraordinary contributions to funds established under the scope of the banking crisis rules*”

The Issuer and the Group shall comply with the contribution obligations required by the bank resolution legislation. Should the amount of ordinary contributions requested to Group companies increase, the Group's profitability would decrease and the level of capital resources of the Issuer and the Group would be negatively affected; should extraordinary contributions be requested to the Group, this could have a negative impact, even significant, on financial position and economic results of the Group.

Following the crisis that affected many financial institutions from 2008, various risk-reducing measures have been introduced, both at European level and at individual Member State level. Their implementation involves significant outlays by individual financial institutions in support of the banking system.

The ordinary contribution obligations contribute to reducing profitability and have a negative impact on the Group's capital resources. It is not possible to rule out that the level of ordinary contributions required from the Group banks will increase in the future in relation to the development of the amount related to protected deposits and/or the risk relating to Group banks compared with the total number of banks committed to paying said contributions.

In addition, it is not possible to rule out that, even in future, as a result of events that cannot be controlled or predetermined, the Deposit Guarantee Scheme (**DGS**), the Single Resolution Fund (**SRF**), the National Resolution Fund (**NRF**) and/or the Fondo Interbancario di tutela dei depositi (**FITD**), do not find themselves in a situation of having to ask for more, new extraordinary contributions. This would involve the need to record further extraordinary expenses with impacts, including significant ones, on the capital and financial position of UniCredit.

For further information in relation to the above-mentioned ordinary and extraordinary contributions, please see the Issuer's audited consolidated financial statements at 31 December 2022, incorporated by reference herein.”

- In the subsection “*Risks connected with the legal and regulatory framework*”, the Risk Factor headed “*Risks connected with the entry into force of new accounting principles and changes to applicable accounting principles*”, on pages 42-43 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.3.4 *Risks connected with the entry into force of new accounting principles and changes to applicable accounting principles*”

The UniCredit Group is exposed, like other companies operating in the banking sector, to the effects of the entry into force and subsequent application of new accounting principles or standards and regulations and/or changes to them (including those resulting from IFRS as endorsed and adopted into European law).

In particular, in the future, the UniCredit Group may need to revise the accounting and regulatory treatment of some existing assets and liabilities and transactions (and related income and expense), with possible negative effects, including significant ones, on the estimates made in financial plans for future years and this could lead to restatements of financial data previously published.

In 2022 the following standards, amendments or interpretations came into force:

- Amendments to IFRS3 Business Combinations; IAS16 Property, Plant and Equipment; IAS37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020” (EU Regulation 2021/1080);

whose adoption has not determined substantial effects on the amounts recognised in balance sheet or income statement.

As at 31 December 2022, the following documents have been endorsed by the European Commission:

- Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (EU Regulation 2022/357) applicable to reporting starting from 1 January 2023;
- Amendments to IAS8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (EU Regulation 2022/357) applicable to reporting starting from 1 January 2023;
- Amendments to IAS12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Regulation 2022/1392) applicable to reporting starting from 1 January 2023;
- Amendments to IFRS17 Insurance contracts: Initial Application of IFRS17 and IFRS9 - Comparative Information (EU Regulation 2022/1491) applicable to reporting starting from 1 January 2023.

The Group does not expect any significant impact due to the entry into force of the amendments to the accounting standards reported above.

As at 31 December 2022 the IASB issued the following accounting standards whose application is subject to completion of the endorsement process by the competent bodies of the European Commission, which is still ongoing:

- Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of



Effective Date (January 2020 and July 2020 respectively) and Non-current Liabilities with Covenants (issued on 31 October 2022);

- Amendments to IFRS16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022).

As a result, following the adoption of the new accounting principles, comparisons of our financial results prior to such adoption may be difficult. Prospective investors are therefore cautioned against placing undue reliance on such comparisons.”

The section of the Base Prospectus entitled “*Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme*” is amended as follows:

- In the subsection “*Risks relating to Additional Tier 1 Notes*”, the Risk Factor headed “*The level of the Issuer’s Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes*”, on pages 53-54 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.4.5 *The level of the Issuer’s Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes*”

As noted above, the Issuer will be required to cancel any Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts, when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year, exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items.

The Issuer had approximately Euro 21.5 billion of Distributable Items as at 31 December 2022, of which approximately Euro 2.5 billion were represented by the distributable portion of the Share Premium Reserve (see also Section 12 Part B – Balance sheet - Liabilities, reported in the Notes to the Accounts of the 2022 UniCredit Annual Report and Accounts).

The level of the Issuer’s Distributable Items is affected by a number of factors. The Issuer’s future Distributable Items, and therefore the ability of the Issuer to make interest payments under the Additional Tier 1 Notes, are a function of the Issuer’s existing Distributable Items and its future profitability. In addition, the Issuer’s Distributable Items may also be adversely affected by the servicing of more senior instruments, parity ranking instruments or more junior ranking instruments, including dividends on the Issuer’s shares.

The level of the Issuer’s Distributable Items may be affected by changes to accounting rules, regulation or the requirements and expectations of applicable regulatory authorities. Furthermore, the definition of Distributable Items may be reformed in a restrictive way, if the Relevant Regulations are amended or extended. Any such potential changes could adversely affect the Issuer’s Distributable Items in the future.

Further, the Issuer’s Distributable Items, and therefore the Issuer’s ability to make interest payments under the Additional Tier 1 Notes, may be adversely affected by the performance of the business of the UniCredit Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the UniCredit Group operates and other factors outside of the Issuer’s control. See generally “*Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes*” above. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.”

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

“1.4.6 *If the Issuer breaches the combined buffer requirement or the Leverage Ratio buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances;*”

*Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*

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

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

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

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

The CRR II and the CRD V introduce, among other things, a leverage ratio requirement of 3 per cent Tier 1 Capital, a leverage ratio related maximum distributable amount for G-SIIs (as described above) and changes to the relevant regulator’s application of the Pillar 2 Requirement. The CRR II and the

CRDV entered into force on 27 June 2019. The date of application of the new rules varies from the date of their entry into force and 12 months to four years after their entry into force.

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

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

The provisions laid down by the CRDV as to the Pillar 2 Guidance and Pillar 2 Requirements have been transposed into the Italian secondary level legislation, now also providing for the regulator’s authority to require additional capital in the presence of excessive leverage risk (i.e. Pillar 2 Guidance Leverage Ratio). As at 5 April 2023, there is still uncertainty as to how (and if) such regulatory measures will be interpreted and implemented and the impact their implementation may have on the Group’s capital requirements.

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

The CRRII allows for the “grandfathering”, until 28 June 2025 at the latest, of Additional Tier 1 instruments, Tier 2 instruments and Eligible Liabilities issued before 27 June 2021, that do not comply with certain requirements of the CRRII. This grandfathering framework is in addition to the one provisioned by CRR Articles 484 – 491 ended on 1 January 2022.

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

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

<b>Required minimum CET1 Capital ratio</b>
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	<b>As at 31 December 2021</b>	<b>As at 31 December 2022</b>
Pillar 1 CET1	4.50%	4.50%
Pillar 2 CET1 requirement	0.98%	0.98%
Combined capital buffer requirement	3.55% <sup>1</sup>	3.63% <sup>1</sup>
<b>OCR level</b>	<b>9.03%</b>	<b>9.12%</b>

<sup>1</sup> Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021 and 0.13 per cent. as at 31 December 2022 to be calculated on a quarterly basis.

<b>Required Minimum Tier 1 ratio</b>		
	<b>As at 31 December 2021</b>	<b>As at 31 December 2022</b>
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1 <sup>1</sup>	1.50%	1.50%
Pillar 2 Tier 1 requirement	1.31%	1.31%
Combined capital buffer requirement	3.55% <sup>2</sup>	3.63% <sup>2</sup>
<b>OCR level</b>	<b>10.86%</b>	<b>10.95%</b>

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

<sup>2</sup> Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021 and 0.13 per cent. as at 31 December 2022 to be calculated on a quarterly basis.

<b>Required Minimum Total Capital ratio</b>		
	<b>As at 31 December 2021</b>	<b>As at 31 December 2022</b>
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1 <sup>1</sup>	1.50%	1.50%
Pillar 1 Tier 2 <sup>2</sup>	2.00%	2.00%
Pillar 2 Total Capital requirement	1.75%	1.75%
Combined capital buffer requirement	3.55% <sup>3</sup>	3.63% <sup>3</sup>

<b>OCR level</b>	<b>13.30%</b>	<b>13.38%</b>
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<sup>1</sup> May be comprised of Additional Tier 1 or CET 1.

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

<sup>3</sup> Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021 and 0.13 per cent. as at 31 December 2022 to be calculated on a quarterly basis.

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

<b>Capital ratios</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
CET1 Capital ratio	15.82%	16.68%
Tier 1 ratio	17.94%	18.65%
Total Capital ratio	20.14%	21.42%

The transitional leverage ratio stated stood at 6.07 per cent. in 4Q22.

UniCredit is fully compliant with its TLAC requirement which, as of 4Q22, is based on RWA<sup>12</sup>, with a TLAC ratio of 26.90 per cent. of RWA<sup>13</sup> and of 8.76 per cent. of Leverage Ratio Exposures, implying a buffer of 527 bps over the 21.63 per cent requirement in terms of RWA equivalent to 172 bps in terms of Leverage Ratio Exposures. The buffer calculated on TLAC requirement in terms of Leverage Ratio Exposures (6.75 per cent. as of 31 December 2022) amounts to 201 bps.

UniCredit is also fully compliant with its MREL requirements<sup>14</sup> with a 4Q22 MREL ratio of 29.81 per cent. of RWA (of which 23.40 per cent of subordinated components) and of 9.71 per cent. of Leverage Exposures (of which 7.62 per cent of subordinated components) implying a buffer of 545 bps over the 24.36 per cent. RWA Requirement (of which 15.42 per cent of subordinated components) and a buffer of 381 bps over the 5.90 per cent Leverage Exposures Requirement (of which 5.68 per cent of subordinated components, leading to buffer of 194 bps). Starting from 30 June 2020, CET1 Capital (and, as a consequence, also the CET1, the Tier 1 and the Total Capital ratios) benefits from the application of the transitional arrangements foreseen by the regulation for IFRS9 provisions adopted by the Group in the quarter. In addition, the new grandfathering framework is applicable, until 2025 and according to the CRR2 Article 494b, to the Additional Tier 1 and Tier 2 instruments issued before 27 June 2019 that do not fully comply with the CRR2 Articles 52 and 63.

If at any time the Issuer is unable to maintain its total Own Funds at the level necessary to meet its combined buffer requirement or, as appropriate, its Leverage Ratio buffer requirement, a Maximum Distributable Amount restriction would be applicable and the Issuer may be required to cancel interest payments on the Additional Tier 1 Notes. The Issuer's Own Funds requirements, including the Pillar 1 Requirement and the Pillar 2 Requirement, TLAC, MREL, the combined buffer requirement and the Leverage Ratio buffer requirement, are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Investors in the Additional Tier 1 Notes may not be able to assess or predict accurately the proximity of the risk of discretionary payments on the Additional Tier 1 Notes being prohibited from

<sup>12</sup> According to the provisions of Article 92a of the CRR2, the minimum TLAC requirement applicable is equal to the maximum between the 18% of the total risk exposure amount to which the Combined Buffer Requirement applicable to the Group at the reference date (3.63% as of 31 December 2022) is added and the 6.75% of the overall leverage exposure measure.

<sup>13</sup> Including 3.5% per cent. of RWA senior exemption.

<sup>14</sup> MREL RWA requirement includes the Combined capital Buffer Requirement applicable at the date.

time to time as a result of the operation of Article 141 or Article 141b of the CRD IV Directive or Article 16a of the BRRD and, if relevant, in other similar payment restriction provision(s) under the Relevant Regulations. There can be no assurance that any of the Own Funds and MREL requirements, the combined buffer requirement or the Leverage Ratio buffer requirement applicable to the Issuer and/or the Group will not be amended in the future to include new and more onerous requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Additional Tier 1 Notes.

There can be no assurance that the Own Funds and MREL requirements, the combined buffer requirement or the Leverage Ratio buffer requirement applicable to the Issuer and/or the Group from time to time may not be higher than the levels of Own Funds and/or eligible liabilities, as applicable, available to the Issuer and/or the Group at such point in time. Also, there can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any higher Pillar 2 Requirement on the Issuer and/or the UniCredit Group.

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

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

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

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

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

- The paragraph titled “*Experts' reports*” on page 82 of the Base Prospectus is deleted in its entirety and replaced as follows:

#### ***“Experts' reports***

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

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



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

### ***2022 UniCredit Annual Report and Accounts***

On 4 April 2023, UniCredit published (i) the UniCredit's Group audited consolidated financial statements as of and for the year ended 31 December 2022 (the **UniCredit 2022 Consolidated Financial Statements**) and (ii) the UniCredit S.p.A.'s audited non-consolidated financial statements as of and for the year ended 31 December 2022 (the **UniCredit 2022 Non-Consolidated Financial Statements**, and together with the UniCredit 2022 Consolidated Financial Statements, the **2022 UniCredit Annual Report and Accounts**).

The 2022 UniCredit Annual Report and Accounts has been audited by KPMG S.p.A., UniCredit's external auditors.

A copy of the 2022 UniCredit Annual Report and Accounts, available at <https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2022/4Q22/2022-Annual-Reports-and-Accounts.pdf>, has been filed with the Commission de Surveillance du Secteur Financier (CSSF). Copies of this Supplement and all the sections of the 2022 UniCredit Annual Report and Accounts identified in the table below incorporated by reference in the Base Prospectus will also be published on the website of UniCredit [www.unicreditgroup.eu](http://www.unicreditgroup.eu), as well as on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

By virtue of this Supplement, the sections of the 2022 UniCredit Annual Report and Accounts identified in the table below are incorporated by reference in, and form part of, the Base Prospectus. Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
2022 UniCredit Annual Report and Accounts	<b>Consolidated Report and Accounts of UniCredit Group:</b>	
	Consolidated Report on Operations	127-167
	Consolidated Balance Sheet	187-188
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	Consolidated Statement of Comprehensive Income	190
	Statement of Changes in the Consolidated Shareholders' Equity	191-194
	Consolidated Cash Flow Statement	195-196
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<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
	Annexes	547-636
	<b>Report and Accounts of UniCredit S.p.A.:</b>	
	Report on operations	647-673
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## ***Description of UniCredit and the UniCredit Group***

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

- The sub-paragraph “*History and development of the Issuer*” of the paragraph titled “*Information about the Issuer*”, on pages 227-228 of the Base Prospectus, is deleted in its entirety and replaced as follows:

### **“1.1. History and development of the Issuer**

UniCredit (formerly UniCredito Italiano S.p.A.) and the UniCredit Group of which UniCredit is the parent company are the result of the October 1998 business combination between the Credito Italiano national commercial banking group (established in 1870 with the name *Banca di Genova*) and UniCredito S.p.A. (at the time the holding company owning a controlling interest in Banca CRT (*Banca Cassa di Risparmio di Torino S.p.A.*), CRV (*Cassa di Risparmio di Verona Vicenza Belluno e Ancona Banca S.p.A.*) and Cassamarca (*Cassa di Risparmio della Marca Trivigiana S.p.A.*).

Since its formation, the Group has grown in Italy and Eastern Europe through both organic growth and acquisitions, consolidating its role in relevant sectors outside Europe and strengthening its international network.

Such expansion has been characterised, in particular:

- by the business combination with HypoVereinsbank, realised through a public tender offer launched in summer 2005 by UniCredit to acquire the control over Bayerische Hypo- and Vereinsbank AG (**HVB**) - subsequently renamed UniCredit Bank AG - and its subsidiaries, such as Bank Austria Creditanstalt AG, subsequently renamed "UniCredit Bank Austria AG" (**BA** or **Bank Austria**). At the conclusion of the offer perfected during 2005, UniCredit acquired a shareholding for an amount equal to 93.93 per cent. of the registered share capital and voting rights of HVB. On 15 September 2008, the squeeze-out of HVB's minority shareholders, resolved upon by the bank's shareholders' meeting in June 2007, was registered with the Commercial Register of Munich. Therefore, the HVB shares held by the minority shareholders - equal to 4.55 per cent. of the share capital of the company - were transferred to UniCredit by operation of law and HVB became a UniCredit wholly-owned subsidiary. In summer 2005 UniCredit also conducted an exchange offer for the acquisition of all shares of BA not held by HVB at the time. At the conclusion of the offer, the Group held 94.98 per cent. of the aggregate share capital of BA. In January 2007, UniCredit, which at the time held 96.35 per cent. of the aggregate share capital of BA, including a stake equal to 77.53 per cent. transferred to UniCredit by HVB, resolved to commence the procedures to effect the squeeze-out of the minority shareholders of BA. As at the date of this Prospectus, UniCredit's interest in BA is equal to 99.996 per cent.; and
- by the business combination with Capitalia S.p.A. (**Capitalia**), the holding company of the Capitalia banking group (the **Capitalia Group**), realised through a merger by way of incorporation of Capitalia into UniCredit effective as of 1 October 2007.

In 2008 the squeeze outs<sup>15</sup> of the ordinary BA and HVB shares held by minority shareholders were completed.

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<sup>15</sup> The squeeze out is the process whereby a pool of shareholders owning at a certain amount of a listed company's shares (in Germany 95 per cent., and in Austria 90 per cent.) exercises its right to "squeeze out" the remaining minority of shareholders from the company paying them an adequate compensation.

Proceedings as to the adequacy of the squeeze-out price and in relation to the challenge to the relevant shareholders' resolutions promoted by certain BA and HVB shareholders are still pending. For more details please see section “*Legal and arbitration proceedings*” of this Base Prospectus.

UniCredit S.p.A. shares are listed on the Milan, Frankfurt and Warsaw regulated markets, respectively on the Borsa Italiana S.p.A. (Euronext Milan), on the Frankfurt Stock Exchange, segment General Standard, and on the Warsaw Stock Exchange.”

- The sub-paragraph “*The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer*” on pages 230-244 of the Base Prospectus is amended as follows, so that the following paragraphs set out below shall replace the corresponding paragraphs currently included in the Base Prospectus and the paragraphs not set out below shall remain unchanged:

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

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

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

### **BRRD and SRMR**

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

Such instruments and powers include the possibility of applying the "bail-in", *i.e.* the power to reduce, with the possibility of cancellation, the nominal value of shares and the write-down of receivables due from the bank with their conversion into shares. The aim of the bail-in is to absorb losses and recapitalize the failing bank in order to ensure the continuity of its critical economic functions,

protecting financial stability and minimizing losses to the taxpayer, while still ensuring that no creditor suffers greater losses than if the bank had been liquidated under normal insolvency proceedings.

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

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

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

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

### **CRR and CRD**

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

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

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

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

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

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

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

Prior to becoming binding on the European banking system, the European Commission, which conducted a public consultation (closed on 5 January 2020), assessed the potential impacts on the European economy.

The analysis carried out by the EBA, published in December 2019 upon request of the European Commission, shows that the adoption of the new Basel III criteria would require banks to increase

minimum capital requirements (**MCR**) by 23.6 per cent., resulting in a capital deficit of Euro 124 billion. In August 2020 the Commission required the EBA to update its assessment in the light of COVID-19, which was published in December 2020. It shows an increase of MCR of 18.5 per cent. and a capital deficit of over Euro 52 billion (the December 2019 outcome for a comparable sample would have been respectively 24.1 per cent. and Euro 109.5 billion).

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

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

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

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

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

- i. a clear differentiation between components of P2R estimated from an ordinary perspective and the Pillar 2 Guidance determined from a stressed perspective which supervisory authorities may require banks to hold; and
- ii. the possibility for supervisory authorities to require additional capital in the presence of excessive leverage risk, under both ordinary and stressed conditions (P2R and Leverage Ratio and Pillar 2 Guidance Leverage Ratio).

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

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

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

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

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

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

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

Action plan to address the problem of non-performing loans in the European banking sector published by the European Council on 11 July 2017: the action plan outlines an approach based on a mix of four policy actions: the bank supervision; the reform of insolvency and debt recovery frameworks; the development of secondary markets for NPLs; promotion of the banking industry restructuring.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In August 2022 the Council of Ministers approved the “**Aiuti Bis**” Decree (Decree Law 9 August 2022, No. 115 converted into Law 21 September 2022, No. 142) aimed at supporting companies and families

to address the effects of the energy crisis and the ongoing conflict. Below the main measures of interest contained in the decree:

- **Implementing liquidity through the simplification of tax credits' assignment:** the measure has the aim of giving a stable framework regarding the tax credit's assignment from banks to transferees. It provides that transferee's liability is limited only to cases of involvement in violation with willful misconduct and gross negligence. Such clarity allows banks to make easier tax credits' assignment.
- **Guaranties Loans Active Management Project - GLAM:** the measure provides for the possibility for AMCO to set up dedicated assets aimed at purchasing, at market conditions, loans backed by FCG Guarantee as well as the possibility for banks to grant new loans to debtors transferred to the dedicated assets.

In September 2022 the Council of Ministers approved a new “**Aiuti Ter**” Decree to face energy costs' increase on households and companies (Law Decree 23 September 2022 n. 144 converted into Law 17 November 2022, n. 175). Below the measures of interest:

- **SACE guarantee for companies' liquidity needs:** it is envisaged that SACE can provide free guarantees (ex art. 15 of Aiuti Decree - DL 50/2022) on loans granted to companies for the payment of the invoices for energy consumption, which have been issued in October, November and December 2022, provided that the interest rate applied to the loan does not exceed, at the time of the request for the guarantee, the yield of the BTPs with a duration equal to the loan granted.
- **FCG guarantee for liquidity needs of companies:** for individual loans granted after the date of decree's entry into force (24<sup>th</sup> September 2022) and intended for the payment of invoices for energy consumption, issued in October, November and December 2022, the Central Guarantee Fund can grant free guarantees (provided that the interest rate applied to the loan does not exceed, at the time of the request for the guarantee, the yield of the BTPs with a duration equal to the loan), up to a maximum of 80 per cent., in favor of SME's, regardless of their rating.

In November 2022 the Council of Ministers approved a new “**Aiuti Quater**” Decree aimed at introducing urgent measures on electricity, natural gas and fuels (Decree Law 18 November 2022 n. 176 converted into Law 13 January 2023 n. 6). Below the main measures of interest contained in the decree:

- **Support measures to cope with energy costs' increase:** The decree provides for:
  - possibility for companies based in Italy to ask suppliers to pay by instalments the amounts due relating to electricity and natural gas' consumption made from 1/10/2022 to 31/3/2023 and invoiced by 31/12/2023 (exceeding the average amount recorded between 1/1/2021 and 31/12/2021). To ensure the widest application of the measure, SACE may grant to insurance companies a guarantee equal to 90 per cent. of the indemnities generated by exposures relating to receivables claimed by electricity and gas suppliers based in Italy.
  - possibility for electricity and gas suppliers based in Italy to ask for bank loans backed by a SACE guarantee under the same terms and conditions set in the “Aiuti” Decree (art. 15 DL 50/2022), to meet the liquidity needs deriving from the instalment plans granted.
  - extension until 31/12/2023 of the SACE guarantee (art. 15 of DL 50/2022) in favor of banks, national and international financial institutions and other entities authorized to exercise credit in Italy, for loans granted to companies that demonstrate to have suffered direct economic repercussions on their business.

- **Tax Credits' Assignment:** it's increased from 2 to 3 the number of credit assignments (central ones, between the first assignment and the last) in favour of qualified intermediaries. The possibility remains for banks to assign credit to their current account holders (fifth and last assignment).
- **SACE Guarantee related to Superbonus:** It's envisaged the possibility for SACE to issue guarantees on loans granted to building companies that discount the invoice for works linked to Superbonus, to face their liquidity needs. The amount of tax credits accrued by the company as of 25 November 2022 may be considered for the purpose of assessing the creditworthiness of the company applying for the loan.

In November 2022 the Council of Ministers also approved the **Budget Law 2023** (Law 29 December 2022 n. 197) through which the Government extended until 31 December 2023 the transitional and extraordinary period of operation of the SME's Guarantee Fund (provided for in art.1 paragraph 55 and 55-bis of Budget Law 2022 - Law 234/2021). The measure provides for: maximum amount guaranteed per single company equal to 5 million; the application of the valuation model for the granting of the guarantee (the eligibility for the guarantee remains for the entities included in the rank n. 5 of the same valuation model); different percentages of the guarantee (for investment-related needs: 80 per cent. for all beneficiaries regardless of the rank they belong to; for needs other than investments (liquidity): 80 per cent. to weaker companies (rank 3-4-5), 60 per cent. guarantee for the others (rank 1-2); 90 per cent. guarantee on loans for investment or coverage of working capital costs for the achievement of efficiency targets or diversification of energy production or consumption)

In February 2023 the Council of Ministers approved the **“Superbonus – Crediti Fiscali” Decree** (Law Decree 16 February n. 11) which introduces urgent measures on tax credit assignment (provided for in art. 121 Decree Law 19 May 2020, n. 34). The Decree must be converted into law by 17 April 2023.

The new measures:

1. prohibit the exercise of the tax credit transfer options and the discount on the invoice for building bonuses (Super Bonus and other transferable building bonuses) from 17 february 2023 (except for operations already in progress)
2. clarify the exclusion of the involvement in the violation (and therefore of joint and several liability) for assignee who have acquired the credit and are in possession of the documentation needed to demonstrate the effectiveness of the works carried out (the liability in case of fraud remains).

## **SUSTAINABLE FINANCE**

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

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

Taxonomy. The final text of the Taxonomy Regulation has been adopted by the European Parliament and Council and was subsequently published in the OJ in 2020. The Taxonomy Regulation is a classification system intended to address greenwashing and provide a tool to direct finance towards sustainable investments. The regulatory framework outlines definitions and specific criteria (technical

screening criteria) to determine whether an economic activity can be classified as environmentally sustainable.

The level II timeline to determine the specific technical screening criteria is progressing with criteria for the first two environmental objectives (climate change mitigation and adaptation) now adopted and applicable from 1 January 2022. The remaining four objectives – sustainable use and protection of water and marine resources, transition to circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems – are expected to be adopted in 2023, therefore the application date will be significantly delayed (not earlier than end 2023/2024).

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

Taxonomy Extension. In July 2021, the Platform on Sustainable Finance published a consultation paper on ‘Taxonomy extension options linked to environmental objectives’; and a draft report on ‘Social Taxonomy’. The consultation paper asked feedback on the possibility to extend the EU Taxonomy to significantly harmful (**SH**) activities and no significant impact (**NSI**) activities and if this would fall within the overall framework of EU sustainable finance. The final report on a Social Taxonomy which looks at how to implement a social Taxonomy as well as how to make the two Taxonomies (social and environmental) work together was formally published by the Platform on 28 February 2022. The Final Report on the extension of the Taxonomy to significantly harmful (**SH**) activities, intermediate activities and no significant impact (**NSI**) activities was published on 28 March 2022. The Commission is expected to assess the two reports in due time and decide whether to put forward a legislative proposal on both Social and Extended Taxonomy once it finalized the work on 4 remaining environmental objectives (not earlier than end 2024/2025).

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

The Corporate Sustainable Reporting Directive (CSRD), published by the Commission on 21 April 2021, finally approved in December 2022 (with publication in the OJ), will review the existing Non-Financial Reporting Directive (**NFRD**) to reinforce disclosure obligations through mandatory reporting standards while broadening the application scope. The Directive proposes:

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

The requirement to ensure all information is published as part of the firm’s management report and is disclosed in a digital, machine-readable format.

The CSRD's new sustainability reporting obligations will apply to financial years starting with 1 January 2024 (reporting in 2025), according to a three stages-timeline.

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

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

Green Bond Standard. The Commission published its proposal for an EU Green Bond Standard (**EU GBS**) on 6 July 2021. The Regulation lays down the foundation for a common framework of rules regarding the use and designation of EU GBS for bonds that pursue environmentally sustainable objectives within the meaning of Taxonomy Regulation. The Regulation is mainly aimed at issuers who wish to use the voluntary EU GB standard. The political agreement was reached on 28 February once formally adopted by both the European Parliament and the Council the Regulation will enter into force 20 days after its publication in the OJ of the EU and will be applicable 12 months afterwards.

The Regulation also sets up a system for registering and supervising companies that act as external reviewers for green bonds aligned with this framework. The negotiations are ongoing both in the European Parliament and in the Council. It is expected that the Regulation will be finalized by the end of 2022. On 6 July 2021, the European Commission adopted the Delegated Act on Article 8 under the EU Taxonomy Regulation which requires entities covered by the EU Non-Financial Reporting Directive (**NFRD**) to publish information on how and to what extent their activities are associated with economic activities that qualify as "environmentally sustainable" under the EU Taxonomy Regulation. The application of the delegated act for financial institutions is limited in 2022 and 2023 to certain elements, while the remaining provision will apply from 1 January 2024 (e.g, the Green Asset Ratio). The disclosure of the information related with banks' trading book exposures and fees and commissions for other commercial services will apply from 1 January 2026.

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

governing the ESAP. The information will be available for free and in data extraction format, with an increasing amount of information made machine-readable in the long run. The ESAP proposal is entering in 1Q-2Q2023 the final stage of the legislative process (trilogues).

On 24 January 2022, the EBA published their final drafts on the implementing technical standards (**ITS**) on Pillar 3 disclosures of ESG risks in accordance with Article 449a of the CRR. In defining the ITS, the EBA took into consideration the sequential approach followed by the European Commission (**EC**) for the disclosure obligations requested by Article 8 of the EU Taxonomy and proposed the disclosure of a Green Asset Ratio (**GAR**) for the exposures related to the NFRD companies starting from 2024, while it introduced a transition period until June 2024 for the disclosure of the Banking Book Taxonomy alignment Ratio (BTAR - dedicated to exposures towards SMEs and non-EU counterparties) and for the banks' scope 3 emissions. EBA confirmed that will review the disclosure requirements in 2024 to extend them to the other four environmental objectives and to the trading book. On 17 October 2022, the EBA accepted the EC's proposed changes on how BTAR should be disclosed by financial institutions to emphasise that: i) credit institutions may choose to disclose the information regarding their exposures towards SMEs and non-EU counterparties instead of being required to report on a "best effort basis" and ii) that the collection of the information from the counterparties will be on a "voluntary basis" including that banks need to inform their counterparties about the voluntary nature of this request of information. The final standards are expected to be adopted by EC and published in the Official Journal by end of 2022 and banks have to perform their first reporting by end of June 2023.

On 2 May 2022, EBA published the discussion paper on the role of environmental risks in the prudential framework, analysing the extent to which these risks are already reflected in the Pillar 1 own funds requirements via internal and external ratings, valuation of financial instruments and collateral or scenario analysis. EBA is of the view that a risk-based approach in assessing the risk profiles of exposures subject to environmental risks should be taken before proposing additional direct capital requirements and takes a cautious approach regarding the introduction of specific risk-weighted adjustment factors for green and carbon intensive exposures, advocating instead for targeted changes to internal models, external credit ratings and collateral re-evaluations. EBA is expected to publish the final report by June 2023 and the proposed measures to be implemented in the changes to CRR3.

## **DIGITAL FINANCE**

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

- Removing fragmentation in the Digital Single Market: in June 2021, the Commission launched a legislative proposal aimed at creating a **European Digital Identity** which will be available to all EU citizens, residents, and businesses in the EU. The proposal builds on the existing cross-border legal framework for trusted digital identities, the European electronic identification and trust services initiative (eIDAS Regulation). Adopted in 2014, it provides the basis for cross-border electronic identification, authentication and website certification within the EU.
- Adapting the EU regulatory framework to facilitate digital innovation: in September 2020, the Commission proposed for the first time new legislation on crypto-assets, the so called "Markets in Crypto Assets" (**MiCA**) regulation to ensure clarity and legal certainty for issuers and providers of crypto assets that are not currently covered by current EU legislation. Safeguards include capital requirements. Issuers of significant crypto-assets (the so-called global "stablecoins") will be subject to stricter requirements (e.g. in terms of capital, investor rights and supervision). The legislative process is in its final stages, with a likely entry into force in Q2 2023. MiCA is currently expected to become effective in Q3 2024. The Commission also proposed a **Regulation on a pilot regime for market infrastructures based on distributed**



**ledger technology (DLT)**, which allows temporary derogations from existing rules, for market infrastructures interested in trading and settling transactions in financial instruments in crypto-asset form. The Regulation entered into force in June 2022, with most of its provisions that will apply from 23 March 2023. In April 2021, to facilitate digital innovation, the Commission also presented a proposal for a regulatory framework on Artificial Intelligence (AI) aimed both at promoting its development but also at managing its potential risks.

- Promoting data-driven innovation in finance: In coordination with the PSD2's review and building on initiatives in the data strategy (Data Governance, Data Act and the Digital Markets Act as well the Digital Services Act), the EC will present a legislative proposal for a **broader open finance framework** in June 2023. The future framework is expected to propose rules on the rights of third-party providers to access clients' data held by the financial sector which could include data on savings, securities, insurance and pension products.
- Addressing the challenges and risks associated with digital transformation: in September 2020, the Commission proposed a Digital Operational Resilience Act (**DORA**) to prevent and mitigate cyber threats and enhance oversight of outsourced services. The proposed legislation will require all interested firms to ensure that they can withstand all types of ICT related disruptions and threats and introduces an oversight framework for ICT providers, such as cloud computing service providers. The DORA entered into force in January 2023 and will become fully applicable in January 2025.

In addition to the legislative initiatives included in the Digital Finance package, it is worth mentioning another initiative with very important implications for the financial sector: the increasingly probable introduction of a digital euro. The ECB is currently engaged in an investigation phase aimed at deciding whether to issue or not such virtual currency. In October 2023 the Governing Council could decide to start a realization phase to develop and test technical solutions and business arrangements for a digital euro. If approved, the ECB will work on implementation for another three years before launch. This means that the eurozone could be using a central bank-issued digital currency by 2027. The Commission has announced a legislative proposal on the topic in May 2023. EC officials said that the legislative initiative will address key issues such as the risk of disintermediation of banks and financial stability risk.

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

On November 25, 2021, the Commission presented its official proposal for a Markets and Financial Instruments Regulation (**MiFIR**) review as part of a Capital Market Package including other legislative proposals (i.e., the creation of the European Single Access Point (**ESAP**) – see above - and a review of the European Long-Term Investment Funds (**ELTIFs**) Regulation). The EC MiFIR review aims at improving transparency and making the EU market infrastructure more competitive. The review is mainly focused on the establishment of an EU Consolidated Tape (**CT**) – a centralized database meant to provide a comprehensive view of market data - namely prices and volumes of traded securities across trading venues in the EU. In April 2023 the EU Parliament and EU Council are going to start the final phase of the legislative process (trilogue).

On December 7, 2023, the Commission published its proposal to further review the European Market Infrastructure Regulation (also known as EMIR 3.3) with the aim of reducing reliance from UK clearing houses and foster EU clearing attractiveness. The key part of the proposal is the introduction of the obligation for counterparties subject to the clearing obligation to hold an active account (AA) at an EU CCP, and clear with an EU CCP a portion of their trades of derivatives products considered of systemic importance to the EU or to one or more of its Member States (interest rate derivatives denominated in euro and Polish zloty, CDS denominated in euro and short-term interest Rate derivatives (STIR) denominated in euro). The Council and the EU Parliament started their discussions on the proposal in early 2023.”

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

“1.1.6 Credit ratings

As at the date of this Base Prospectus, UniCredit has been rated as follows:

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

Fitch Ratings

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

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

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

S&P

- (4) A-2: an obligor has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category (Source: S&P).
- (5) BBB: an obligor has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments (Source: S&P).  
**Note:** ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories (Source: S&P).
- (6) Outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. A stable outlook is assigned when S&P believes that ratings is not likely to change (Source: S&P).

### Moody's

- (7) P-2: issuers (or supporting institution) rated Prime-2 have a strong ability to repay short-term debt obligations (**Source: Moody's**).
- (8) Baa: obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics (**Source: Moody's**).  
**Note:** Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category (**Source: Moody's**).
- (9) Outlook is an opinion regarding the likely rating direction over the medium term. A negative outlook indicates a higher likelihood of a rating change over the medium term (**Source: Moody's**).

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

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

- The sub-paragraph "*Information on the material changes in the Issuer's borrowing and funding structure since the last financial year*" on page 245 of the Base Prospectus is amended as follows:

"1.1.7 Information on the material changes in the Issuer's borrowing and funding structure since the last financial year

There are no material changes in the Issuer's borrowing and funding structure since the last financial year ended on 31 December 2022."

- The sub-paragraph "*Description of the expected financing of the Issuer's activities*" on pages 245-246 of the Base Prospectus, is amended as follows:

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

As at 31 December 2022, the loans to deposits ratio (**LDR**), a ratio between the customer loans and deposits, including the repo activity, is equal to 89.4 per cent. Such ratio is broadly stable compared to 31 December 2021, equal to 89.7 per cent<sup>16</sup>.

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

As at 31 December 2022, the liquidity buffer is equal to Euro 190.3 billion (Euro 201.9 billion at 31 December 2021).

As at 31 December 2022, the TLTRO participations of the Group is equal to Euro 77.8 billion."

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<sup>16</sup> Figures related to December 2021 have been restated in order to follow the reclassification of UniCredit Leasing S.p.A. and its controlled company and of UniCredit Leasing GMBH and its controlled companies from the non-current assets/liabilities held for sale to the loans to customers/deposits from customers.

- In the sub-paragraph “*Principal activities*” of the paragraph titled “*Business overview*”, the section headed “*A description of the Issuer’s principal activities, including the main categories of products sold and/or services performed, an indication of any significant new products or activities, and the principal markets in which the Issuer competes*” on page 246 of the Base Prospectus is deleted in its entirety and replaced as follows:

“2.1.1 *A description of the Issuer’s principal activities, including the main categories of products sold and/or services performed, an indication of any significant new products or activities, and the principal markets in which the Issuer competes*”

UniCredit is a pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. UniCredit’s purpose is to empower communities to progress, delivering the high-quality services for all stakeholders, unlocking the potential of its clients and its people across Europe. UniCredit serves over 15 million customers worldwide. UniCredit is organized in five geographical areas (Business Divisions) and two product factories, Corporate and Individual Solutions.

As of the date of this Base Prospectus, the Group geographic areas are:

- Italy as a standalone geography reflecting the critical importance of the country;
- Germany still focused on developing and growing business in the country;
- Central Europe (including Austria, Czech Republic and Slovakia, Hungary, Slovenia);
- Eastern Europe (including Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia);
- Russia (starting from the first quarter of 2022, the Group’s organizational structure has been updated by isolating activities in Russia<sup>17</sup>).

This organization ensures Country and local Banks autonomy on specific activities granting proximity to the customers (for all client segment, Retail and Corporate) and efficient decisional processes. All standalone geographies of the Group have dedicated support functions such as: People and Culture, Finance, Digital & Information Office, and Operations. In addition, Compliance, Legal and Risk have established specific regional departments.

Alongside Business Divisions there are:

- a Group Corporate Centre with the objective to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence; it also includes the Group’s Legal Entities that are going to be dismissed;

the Non-Core segment, including non-strategic Italian assets and those with a poor fit to the Group’s risk-adjusted return framework; it is reported until full year 2021, date of its complete runoff.”

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

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<sup>17</sup> Includes the local bank and legal entities, plus the cross-border exposure booked in UniCredit S.p.A.

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

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

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders’ Meeting on 15 April 2021 for a term of three financial years and is composed of 12 members.

The term in office of the current members of the Board will expire on the date of the Shareholders’ Meeting called to approve the financial statements for the financial year ending 31 December 2023. The members of the Board of Directors have been appointed on the basis of a proportional representation mechanism (“*voto di lista*”) and in compliance with the provisions on gender balance.

The following table sets forth the current members of UniCredit's Board of Directors as at the date of this Base Prospectus, having regard also to the changes occurred in the composition of the Board after the abovementioned Ordinary Shareholders’ Meeting.

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

Notes:

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

(3) Director that meets the independence requirements pursuant to Section 2, recommendation 7, of the Italian Corporate Governance Code.

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

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

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

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

***Pietro Carlo Padoan***

- Member of the Board of Directors and the Executive Committee of ABI – Italian Banking Association
- Chairman of the Capital Markets Union technical Committee of ABI - Italian Banking Association
- Member of the Institut International d'Etudes Bancaires
- Chairman of the High Level Group on Financing Sustainability Transition
- Member of the European Financial Roundtable (EFR)
- Member of the European Banking Group (EBG)
- Member of the Executive Committee of FeBAF (Italian Banking, Insurance and Finance Federation)
- Member of the Executive Committee of Assonime
- Member of the Committee of Market Operators and Investors (COMI)
- Member of the Governing Council of the School for Economic and Social Politics (AISES)
- Member of the "Comitato Scientifico Osservatorio Banca Impresa 2030"
- Member of the Board of Directors of International Monetary Conference
- Member of the Board of "Istituto Luigi Einaudi per gli Studi bancari, finanziari e assicurativi"
- Member of the Corporate Governance Committee of Borsa Italiana
- Member of the Board of the Institute of International Finance (IIF)
- Member of the FEPs High-Level Group on the New Global Deal
- Member of the Consiglio Generale of AIFI (Associazione Italiana del Private Equity, Venture Capital e Private Dept)

- Vice Chairman of IAI – Istituto Affari Internazionali
- Senior Fellow and member of the Scientific Council of SEP – School of European Political Economy, LUISS University
- Honorary Board Member of Scope Foundation

***Lamberto Andreotti***

- Member of the Board of Directors of Corteva Agriscience
- Member of the Board of Directors of American Italian Cancer Foundation

***Andrea Orcel***

- Non-executive Director of EIS Group Ltd

***Vincenzo Cariello***

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

***Elena Carletti***

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

***Jeffrey Alan Hedberg***

- Advisory Board Member of SDA Bocconi

***Beatriz Lara Bartolomé***

- Sole Administrator of AHAOW

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

***Luca Molinari***

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

***Maria Pierdicchi***

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

***Francesca Tondi***

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

***Renate Wagner***

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

***Alexander Wolfgring***

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



## Board of Statutory Auditors

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

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

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

The following table sets out the current members of UniCredit Board of Statutory Auditors as at the date of this Base Prospectus:

<b>Name</b>	<b>Position</b>
Marco Rigotti	Chairman
Claudio Cacciamani	Statutory Auditor
Benedetta Navarra	Statutory Auditor
Guido Paolucci	Statutory Auditor
Antonella Bientinesi	Statutory Auditor

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

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

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

### **Marco Rigotti**

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

### **Claudio Cacciamani**

- Chairman of the Board of Statutory Auditors of Confidi Parma S.C.p.A.
- Non-executive Director of Alicanto Capital SGR S.p.A.
- Non-executive Director of Carlyle Real Estate Società di Gestione del Risparmio S.p.A.

- Non-executive Director of CBRE Investment Management SGR S.p.A.
- Non-executive Director of Consultinvest S.p.A.
- Member of the Supervisory Committee of Banca Popolare di Garanzia in compulsory liquidation

#### **Benedetta Navarra**

- Chairwoman of Audit Committee of UniCredit Bulbank A.D.
- Chairwoman of the Board of Directors of Italgas S.p.A.
- Member of the Board of Directors of A.S. Roma S.p.A.
- Statutory Auditor of Atlantia S.p.A.
- Statutory Auditor of Aeroporti di Roma S.p.A.
- Chairwoman of the Supervisory Body pursuant to Legislative Decree 231/2001 of Equitalia Giustizia S.p.A.
- Member of the Supervisory Body pursuant to Legislative Decree 231/2001 of Confcommercio imprese per l'Italia Provincia di Roma Capitale

#### **Guido Paolucci**

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

#### **Antonella Bientinesi**

- Statutory Auditor of ACER Sede S.p.A.
- Statutory Auditor of Enel Produzione S.p.A.
- Statutory Auditor of Enel Green Power Solar Metehara S.p.A.
- Statutory Auditor of Enel Green Power Solar Ngonye S.p.A.
- Statutory Auditor of CESI S.p.A.

- Statutory Auditor of Gridspertise S.r.l.
- Sole Auditor of Enel Green Power Matimba Newco 1 S.r.l.

Statutory Auditor of Fondo Ambiente Italiano – FAI

#### 4.2 Conflicts of Interest

As at the date of this Base Prospectus, and to the best of UniCredit's knowledge, with regard to the members of the UniCredit Board of Directors and Board of Statutory Auditors there are no conflicts of interest between any duties to the Issuer, arising from the office or position held within UniCredit, and their private interests and/or other duties. In UniCredit any conflict of interest is managed in accordance with the applicable procedures and in strict compliance with existing laws and regulations. Members of the UniCredit Board of Directors and Board of Statutory Auditors must indeed comply with the following provisions aimed at regulating instances where there exists a specific interest concerning the implementation of an operation:

- Article 53 paragraph 4, of the Italian Banking Act, without prejudice to the obligations envisaged by paragraph 1 of Article 2391 of the Italian Civil Code, hereinafter quoted, sets forth the duty to abstain from voting for the Directors having a conflicting interest, on their own behalf or on behalf of a third party;
- Article 136 of the Italian Banking Act, which requires a special authorisation procedure (a unanimous decision by the supervisory body with the exclusion of the concerned officers' vote and the favourable vote of all members of the controlling body) should a bank enter into obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with its corporate officers;
- Article 2391 of the Italian Civil Code, which obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest, on their own behalf or on behalf of a third party, that they may have, in a specific company transaction, with the concerned member of the Board of Directors having to abstain from carrying out the transaction if he/she is also the CEO; and
- Article 2391-*bis* of the Italian Civil Code, CONSOB Regulation No. 17221 dated 12 March 2010 (and subsequent updates) concerning transactions with related parties and the relevant communication no. 10078683 dated 24 September 2010, as well as the provisions of the Bank of Italy Circular no 285 dated 17 December 2013 (Part III - Chapter 11) concerning risk activities and conflicts of interest of banks and banking groups with associated persons (Supervisory Regulations for the banks).

In accordance with the said latest provisions, UniCredit has adopted specific policies and procedures in order to ensure, between the others, the transparency and the material and procedural correctness of the transactions with related parties or with associated persons, directly or through controlled companies. For information on related-party transactions, please see Part H of the Notes to the consolidated financial statements of UniCredit as at 31 December 2022, incorporated by reference herein.

Notwithstanding the obligations of Article 2391 of the Italian Civil Code, UniCredit and its corporate bodies have adopted measures and procedures to ensure compliance with the provisions relating to transactions with its corporate officers, as well as transactions with related parties and associated persons.”

- The sub-paragraph “*Information related to the shareholder structure of the Issuer*” of the paragraph titled “*Major Shareholders*” on page 257 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

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

As at 3 April 2023, the major shareholders who have disclosed that they hold, directly or indirectly, a relevant participation in UniCredit, pursuant to Article 120 of the Financial Services Act, were:

Major Shareholders*	Ordinary Shares	% owned
BlackRock Group	114,907,383	5.921 <sup>(1)</sup>
Allianz Group	69,622,203	3.587

(1) non-discretionary asset management

\* The table shows the information notified by the shareholders pursuant to Article 120 of the Financial Services Act following the update disclosed on the CONSOB website on 3 April 2023. The percentages here indicated are calculated on the number of shares representing the share capital as of the date of this Supplement, which takes into account the free capital increase registered on 27 February 2023.

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

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

- The sub-paragraph “*Legal and arbitration proceedings*” of the paragraph titled “*Legal and arbitration proceedings*” on pages 257-269 of the Base Prospectus is deleted in its entirety and replaced as follows:

### “6.1 Legal and arbitration proceedings

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

As at 31 December 2022, the Companies were named as defendants in 58,117 legal proceedings, of which 7,983 involving the Parent Company UniCredit S.p.A. (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group Companies).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 31 December 2022, the UniCredit Group set aside a provision for risks and charges of Euro 620.97 million, of which Euro 296.2 million for the parent company UniCredit S.p.A.. As of 31 December 2022, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 7.5 billion, of which approximately Euro 5.2 billion for the proceedings involving the parent company UniCredit S.p.A.. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

In a greater detail, it mainly deals with:

### **Madoff**

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

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

As at 31 December 2022, there were several pending civil proceedings against UniCredit Bank Austria AG (**UCB Austria**) for the total claimed damages amount of Euro 4.8 million. While a large majority of the judgments have been favourable to UCB Austria, the impact of the remaining cases cannot be predicted with certainty, as the related future rulings may be adverse to UCB Austria. UCB Austria has made adequate provisions related to the Madoff's matter.

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

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

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

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

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

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

In July 2022 Fino 1 Securitization S.r.l. (**Fino 1**) commenced an ICC arbitration seeking damages in relation to, inter alia, the alleged breach of certain representations and warranties included in a transfer agreement for the sale of receivables entered into in 2017. The proceedings are ongoing.

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

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

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

The putative class consists of those who purchased or sold Euro-denominated bonds issued by European central banks in the US between 2007 and 2012. On 23 July 2020, the court granted motions to dismiss the third amended complaint by certain defendants, including UCB AG and UniCredit Capital Markets LLC, without prejudice. Plaintiffs filed their fourth amended class action complaint on 9 February 2021, repleading their claim against UCB AG and UniCredit Capital Markets LLC and other financial institutions. Like earlier pleadings, the fourth amended class action complaint does not include a quantification of damages claimed. Exchange of correspondence concerning motions to dismiss the fourth amended complaint has been completed, and in June 2021 defendants have requested a pre-motion conference with the court. On 14 March 2022, the court granted UC Capital Markets LLC motion to dismiss while denying UCB AG's motion to dismiss. The court has since denied UCB AG's motion for reconsideration, UCB AG has answered the operative complaint and discovery has commenced. On 7 November 2022, plaintiffs sought leave to file a fifth amended class action complaint, which would continue to name UCB AG among others (but not UniCredit Capital Markets LLC) as a defendant.

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

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

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

In December 2018, in connection with an ongoing investigation against other financial institutions and former bank employees, the Cologne prosecutor informed UCB AG of the initiation of a new investigation in connection with an administrative offence regarding "cum-ex" transactions involving Exchange Traded Funds (**ETF**). In April 2019, these investigations were extended to so called Ex/Ex-transactions, in which an involvement of the bank in the sourcing of cum/ex transactions of other market participants on the ex-day is suspected. The facts are being examined internally. UCB AG is cooperating with the Authorities.

On 28 July 2021 the Federal Criminal Court (**BGH**) rendered a decision through which the principle criminal liability of cum/ex structures was determined the first time. With its decisions of 6 April and 17 November 2022, the BGH confirmed two criminal judgments in other cum-ex cases of the Regional Court of Bonn, thus further solidifying its case law. UCB AG is monitoring the development.

In December 2022, the Munich tax authorities completed a regular field audit of UCB AG for the years 2013 to 2016, which includes, among other things, a review of transactions in equities around the dividend record date (so called cum/cum transactions). During these years, UCB AG performed, among other things, securities-lending transactions with different domestic counterparties which include, but are not limited to, different types of cum/cum transactions. It remains to be clarified whether, and under what circumstances, tax credits can be obtained or taxes refunded with regard to different types of cum/cum transactions, and what the further consequences for the bank will be in the event of different tax treatment. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in constant communication with relevant regulatory authorities and the competent tax authorities regarding these matters. In this context, UCB AG is considering the latest view of the German Tax Authorities. UCB AG is also monitoring the current development following an important decision of the Federal Tax Court (BFH) dated 29 September 2021, through which the BFH acknowledged the transfer of economic ownership in case of a stock loan transaction contrary to a previous decision.

UCB AG has made provisions.

### **Proceedings relating to certain forms of banking operations**

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

In this regard, as at 31 December 2022 (i) proceedings against the parent company UniCredit S.p.A. pertaining to compound interest, typical of the Italian market, had a total claimed amount of Euro 1.02 billion, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was Euro 366 million, mediations included) and the German market (for which the claimed amount against UCB AG was Euro 30 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around Euro 180 million).

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

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

With respect to proceedings relating to foreign currency (**FX**) loans, in the last decade, a significant number of customers in the Central and Eastern Europe area took out these types of loans and mortgages denominated in a foreign currency. In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to

fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of the parent company UniCredit S.p.A. in a number of CE&EE countries including Croatia, Slovenia and Serbia.

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

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

#### **VIP 4 Medienfonds**

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

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

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

#### **Vanderbilt related litigations**

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

Vanderbilt Financial LLC (**VCA**) related litigations, where Pioneer Investment Management USA Inc., Pioneer Global Asset Management S.p.A. (**PGAM**), at the time controlled by UniCredit S.p.A. and



incorporated by the latter in 2017, and the parent company UniCredit S.p.A. (the **Defendants**) were named as additional defendants by virtue of their corporate affiliation with VCA, including in legal proceedings brought by a former employee of the State of New Mexico (the **Public Authority**), who claimed to act as representative of the Public Authority for the losses suffered by the State of New Mexico during the 2006-08 market downturn on investments managed by VCA (mainly CDOs). The total amount of losses claimed in those proceedings is approximately \$365 million. In 2012, the Defendants reached a settlement agreement for an amount of \$24.25 million and the settlement amount was deposited into escrow at the beginning of 2013. In the second half of 2022, the settlement was implemented, the escrowed amount was paid over to the State of New Mexico and the Defendants, including UniCredit S.p.A., have all been released from all the claims that were or could have been brought by or on behalf of the State or any of its agencies or funds.

### **Alpine Holding GmbH**

Legal proceedings against UCB Austria arose from bondholders' claims commenced in June/July 2013. The claims stemmed from the insolvency of Alpine Holding GmbH, as UCB Austria acted as joint lead manager, together with another bank, for the undertaking of Alpine Holding GmbH bond issues in 2010 and 2011. Bondholders' claims are mainly referred to prospectus liability of the joint lead manager, whereas a minority of the cases is based on misselling due to allegedly unlawful investment advice. The damage claims amount to Euro 18.7 million in total. These proceedings are mainly pending in the first instance and may be adverse to UCB Austria.

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

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

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

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

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

### **Lawsuit brought by "Paolo Bolici"**

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

bankrupt. The parent company UniCredit S.p.A. won the case in the first instance and the appeal is pending.

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

### **Mazza**

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

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

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

### **Criminal proceedings**

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

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

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

### **Labour-related litigation**

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

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

Lawsuits have been brought against UniCredit S.p.A. by members of the former Cassa di Risparmio di Roma Fund. These lawsuits are now pending before the Italian Supreme Court (*Corte di Cassazione*)

after two degree decisions favourable to UniCredit S.p.A. The main claim is a request that the funding levels of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. With reference to the main claim, the relief sought is estimated at Euro 384 million.

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

### **Diamond offer**

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

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

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

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

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

In order to cope with the probable risks of loss related to the repurchases of diamonds, a dedicated Provision for risks and charges was set up; its quantification was also based on the outcome of an independent study (commissioned to a primary third company) aiming at evaluating the diamonds' value. Finally, in line with a strategy that envisages its disposal in the short term, the gems purchased are recognised for about Euro 54 million in item "120. Other assets" of the balance sheet.

On 19 February 2019, the judge in charge of the preliminary investigation at the Court of Milan issued an interim seizure directed to UniCredit and other financial institutions aimed at: (i) direct confiscation of the amount of Euro 33 million against UniCredit for the offence of aggravated fraud and (ii) indirect as well as direct confiscation of the amount of Euro 72 thousand for the offence of self-laundering against UniCredit. From the seizure order it emerges that investigations for the administrative offence under Article No. 25-*octies* of Legislative Decree No. 231/2001 are pending against UniCredit for the crime of self-laundering.

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

In September 2020, a new notice pursuant to Article 415-*bis* of the Italian Code of Criminal Procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit individuals only pertain to the offence of fraud. Such new allegations do not modify the overall investigative framework as per the notice served in the autumn of 2019. In June 2021 the public prosecutor issued the formal request of indictment against certain current and former employees. The case was transferred to the Prosecution Office of Trieste following jurisdiction challenges made by the suspected individuals. The case, which had reached the preliminary hearing phase, got back to the investigations stage. The interim seizures of Euro 33 million and Euro 72 thousand ordered in February 2019 have been lifted.

In February 2023, the Prosecution Office of Trieste requested the dismissal of the case against the individuals and dismissed the case against the Bank with reference to the charge of self-laundering. The measure has been approved by the General Prosecution Office at the Court of Appeal of Trieste, so the investigation against the Bank is formally concluded. The Judge for the Preliminary Investigations then formally dismissed the case, accepting the Prosecutor's request.

The file will be sent back to Prosecution Office of Milan in relation to the charges of fraud against the individuals.

As far as the customer care initiative is concerned, at 31 December 2022, UniCredit received reimbursement requests for a total amount of about Euro 413 million (cost originally incurred by the Clients) from No. 12,381 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalisation of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur; with reference to the scope outlined above (Euro 413 million), UniCredit reimbursed No. 11,906 customers for about Euro 404 million (equivalent value of original purchases), equal to about 98 per cent. of the reimbursement requests said above.

#### Proceedings related to Tax matters

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

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

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

With reference to 31 December 2022, the following information is reported.

- The dispute started by UniCredit S.p.A. as Palmaria S.c.r.l. assignee against the silent-reject Tax Authority Agrigento for tax credit from 770 model year 1992 of Cassa Rurale di Palma di Montechiaro – total value Euro 0.68 million for capital: the Supreme Court with definitive decision dated 31 January 2022 accepted the appeal by Avvocatura dello Stato providing the referral of the dispute at the second-degree Tax Court; UniCredit will continue the proceeding in terms of law.
- The dispute started by the bank following the denial of refund for TARSU fiscal year 2008 of former Banco di Sicilia – total value Euro 0.67 million: on 27 January 2022 the second-degree Tax Court Sicilia filed the decision recognizing the right to the refund. The terms of law for appealing the sentence by Tax Authority at the Supreme Court are ongoing; UniCredit will continue the proceeding in terms of law.
- The appeal for compliance with the order of the Supreme Court filed on 15 June 2021 which recognized the bank's right to refund of the registration fee unduly paid, value Euro 1.7 million: the bank enrolled the dispute before the second-degree Tax Court Sicilia on 10 March 2022.

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

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

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

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

- Cassa di Risparmio Reggio Emilia's credit: the pending dispute only concerns the refund of a share of interest totaling Euro 0.31 million: the bank is about to submitting a new refund request claim to the Tax Authorities; if this new request will be denied, the denial will be challenged before the Tax Court;
- Cassa di Risparmio Reggio Emilia's credit: refund totaling Euro 1.89 million for IRPEG 1989 and related interest, totaling Euro 1.81 million: on 26 April 2022 the Bank notified to Avvocatura dello Stato his defending appeal with conditional request.
- Bonifiche Siele Finanziaria S.p.A.'s credit: refund of Euro 0.47 million for IRPEG 1992 and related interest of Euro 0.38 million: the case is pending in second-degree Tax Court Lazio; the appeal was set by Banca Farma Factoring (BFF).
- Romaleasing S.p.A.'s credit: refund of Euro 0.17 million (and interest 0.16 million) for ILOR fiscal year 1991 and Euro 0.23 million (and interest of Euro 0.18 million) for the IRPEG fiscal year 1993: the case is pending before the second-degree Tax Court Lazio; the appeal was set by BFF.

- Banca Mediterranea S.p.A.'s credit: IRPEG refund for fiscal years 1994-1997 and ILOR for fiscal year 1996, value Euro 31 million for tax and interest: the hearing has been further postponed to 24 June 2022. UniCredit is waiting for the issue of judgement.
- Banca di Roma S.p.A.'s credit: refund IRPEG fiscal year 1997: total value Euro 43.45 million (28,69 million for tax capita and Euro 14.76 million for interest): the case is pending in front of the second-degree Tax Court; the appeal was set by UniCredit S.p.A. in September 2020. The court hearing has not yet been set.

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

For IRES purposes, the outcome of the verification is regular.

For VAT purposes, the irregularity for 0.38 million was highlighted, relating to invoices of customers, however acknowledging the “bona fide” of the bank. Prudently UniCredit Leasing S.p.A. allocated 0,96 million to the provision for risks and charges.

#### Proceedings connected with Supervisory Authority Measures

UniCredit Group is subject to complex regulation and supervision by, inter alia, the Bank of Italy, CONSOB, the EBA, the ECB within the European System of Central Banks (ESCB), as well as other supervisory authorities. In this context, the UniCredit Group is subject to normal supervision by the competent authorities. Some supervisory actions and investigations in progress at the date of this Supplement may result in charges of alleged irregularities, but currently the Group does not expect any proceeding which could have relevant effects on the financial situation or profitability of the Issuer and/or the UniCredit Group.

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

- The sub-paragraphs “*Share Capital*” and “*Memorandum and Articles of Association*” of the paragraph titled “*Additional Information*” on page 270 of the Base Prospectus, are deleted in their entirety and replaced as follows:

#### **“7.1 Share Capital**

As at the date of this Supplement, UniCredit's share capital, fully subscribed and paid up, amounted to Euro 21,277,874,388.48, comprising 1,940,777,908 ordinary shares without nominal value.

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

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

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

The current Articles of Association was registered with the Company Register of Milano-Monza-Brianza-Lodi on 27 February 2023.

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

## **General Information**

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

- The paragraph “*Significant or material adverse change*” on pages 298-299 of the Base Prospectus is deleted in its entirety and replaced as follows:

### **“SIGNIFICANT OR MATERIAL ADVERSE CHANGE**

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

Except for the potential impact of the Russia/Ukraine conflict and related spill-over effect and COVID-19 crisis detailed in the section headed “*Risk Factors*”, paragraph 1.1.1 “*Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia*”, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements as at 31 December 2022.

There has been no significant change in the financial performance of the Group since 31 December 2022 to the date of this Supplement.

*Significant change in the Issuer’s financial position*

Except for the potential impact of the Russia/Ukraine conflict and related spill-over effect and COVID-19 crisis detailed in the section headed “*Risk Factors*”, paragraph 1.1.1 “*Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia*”, there has been no significant changes in the financial position of the Group which has occurred since 31 December 2022.”

- The paragraph “*Trend information*” on page 299 of the Base Prospectus is deleted in its entirety and replaced as follows:

### **“TREND INFORMATION**

*Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for at least the current financial year*

Except for the potential impact of the Russia/Ukraine conflict and related spill-over effect and COVID-19 crisis detailed in the section headed “*Risk Factors*”, paragraph 1.1.1 “*Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia*”, the Issuer is not aware of any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for at least the current financial year.”

- The paragraph “*Litigation*” on page 299 of the Base Prospectus is deleted in its entirety and replaced as follows:

### **“LITIGATION**

Except as disclosed in this Base Prospectus in section “*Legal and arbitration proceedings*” and “*Proceedings connected with Supervisory Authority Measures*”, and in the 2022 UniCredit Annual Report and Accounts from page 495 to page 503, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Base Prospectus which, according to the information available at present, may



have or have had in such period a significant effect on the financial position or profitability of the Issuer or the Group.”

- The paragraph “*External Auditors*” on pages 299-300 of the Base Prospectus is deleted in its entirety and replaced as follows:

#### “EXTERNAL AUDITORS

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

At the ordinary and extraordinary shareholders’ meeting of UniCredit held on 9 April 2020, KPMG S.p.A. (**KPMG**), has been appointed to act as UniCredit’s external auditors for the 2022-2030 nine-year period, pursuant to Article 13, paragraph 1, of Legislative Decree no. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

KPMG is a company incorporated under the laws of Italy, enrolled with the Companies’ Register of Milan under number 00709600159 and registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by Minister of Economy and Finance with registration number no: 70623, having its registered office at Via Vittor Pisani 25, 20124 Milan, Italy. KPMG is a member of ASSIREVI, the Italian association of auditing firms.

It should be noted that the appointment of KPMG follows to the expiration of the external auditors’ engagement of Deloitte & Touche S.p.A. (**Deloitte**) which was appointed at the ordinary shareholders’ meeting of UniCredit held on 11 May 2012, to act as UniCredit’s external auditor for the 2013-2021 nine-year period. Deloitte has audited and issued unqualified audit opinions – incorporated by reference in this Base Prospectus – on the consolidated financial statements of the UniCredit Group and on the financial statements of the Issuer for the year ended on 31 December 2021.

Deloitte is a company incorporated under the laws of Italy, enrolled with the Companies’ Register of Milan under number 03049560166 and registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by Minister of Economy and Finance effective from 7 June 2004 with registration number no: 132587, having its registered office at Via Tortona 25, 20144 Milan, Italy.

Except for the financial information contained in the consolidated financial statements of the UniCredit Group and in the financial statements of the Issuer for the year ended on 31 December 2022, 31 December 2021 and 31 December 2020 and in the interim consolidated financial statements ended on 30 June 2022 and 30 June 2021, no other financial information has been verified by the auditors.

KPMG has carried out the review of the condensed interim consolidated financial statements of UniCredit Group as at 30 June 2022 and has audited and issued unqualified audit opinions – incorporated by reference in this Base Prospectus – on the consolidated financial statements of the UniCredit Group and on the financial statements of the Issuer for the year ended on 31 December 2022.

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

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

### **Update of the website address of the Luxembourg Stock Exchange in the Base Prospectus**

With effect from 5 April 2023, all references to “[www.bourse.lu](http://www.bourse.lu)” in the Base Prospectus shall be deemed to be replaced with “[www.luxse.com](http://www.luxse.com)”.

## General

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

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

Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus will also be published on the website of UniCredit [www.unicreditgroup.eu](http://www.unicreditgroup.eu), as well as on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

In accordance with Article 23(2) of the Prospectus Regulation, investors who have agreed to purchase or subscribe for Notes issued under the Programme before this Supplement is published have the right, exercisable before the end of the period of three working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire by close of business on 10 April 2023. Investors can exercise their right to withdraw their acceptances by contacting the person from whom any such investor has agreed to purchase or subscribe for such notes before the above deadline.