FIRST SUPPLEMENT DATED 4 AUGUST 2023

TO THE BASE PROSPECTUS DATED 10 MAY 2023

UNICREDIT S.p.A.

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

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

This supplement (the **Supplement**) to the base prospectus dated 10 May 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 €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) cover pages; (ii) "*Risk Factors*"; (iii) "*Responsibility Statement, Third Party Information and Experts' Reports*"; (iv) "*Documents Incorporated by Reference*", to incorporate by reference some sections of the unaudited condensed interim consolidated financial statements (including review reports) of UniCredit as at each of 30 June 2023 and 30 June 2022; (v) "*Applicable Final Terms*; (vi) "*Applicable Pricing Supplement*"; (vii) "*Terms and Conditions for the Dematerialised Notes*"; (viii) "*Use of Proceeds*" (ix) "*Description of UniCredit and the UniCredit Group*"; and (x) "*General Information*".

Cover pages

The cover pages of the Base Prospectus are amended as follows:

- Page 1 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:

"(…)

By approving this Base Prospectus, in accordance with the Prospectus Regulation and Article 6 (4) of the Luxembourg Law of 16 July 2019 on prospectuses for securities, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market (as contemplated by Directive 2014/65/EU) and to be listed on the Official List of the Luxembourg Stock Exchange. Application may also be made for the Notes to be admitted to listing on the Electronic Bond Market organised and managed by Borsa Italiana S.p.A. (**MOT**). Application may also be made for the Notes to be admitted to trading on the Euro TLX, the multilateral trading facility organised and managed by Borsa Italiana S.p.A. (**Euro TLX**). There can be no assurance that any such listing will occur on or prior to the date of issue of any Notes, as the case may be, or at all. For the avoidance of doubt, Euro TLX is not a regulated market within the meaning of Directive 2014/65/EU, as amended. Application may also be made for notification to be given to competent authorities in other Member States of the EEA in order to permit Notes issued under the Programme to be offered to the public and admitted to trading on regulated markets in such other Member States in accordance with the procedures under Article 25 of the Prospectus Regulation.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange or that such Notes have been admitted to listing on the MOT. The Luxembourg Stock Exchange's regulated market and the MOT are regulated markets for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU), as amended.

(…)"

Risk Factors

The "*Risk Factors*" section of the Base Prospectus is amended as follows:

- In the subsection "*Risks related to the financial situation of the Issuer and of the Group*", the Risk Factor headed "*Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia*" on pages 23-25 of the Base Prospectus shall be deleted in its entirety and replaced as follows:

"1.1.1 *<u>Risks associated with the impact of current macroeconomic uncertainties and the effects of the geopolitical tensions</u>*

The market environment in which UniCredit operates continues to be affected by high levels of uncertainty for both the short and the medium-term outlook. The economic consequences stemming from the geopolitical tension are continuing to unfold increasing uncertainty for the euro area economy, pushing up inflationary pressures, that could impact on the performance of the Group. The Russia-Ukraine crisis has caused a sharp rise in commodities prices, 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, 325 bps in May, 350 bps in June, 375 bps in July) and market is repricing interest rate expectations. The outlook is still surrounded by risks, further tensions on commodity prices cannot be excluded and an upsurge 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.

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.

Unicredit's LLPs decreased by 77.5 per cent Q/Q and increased Y/Y to Euro 21 million in 2Q23. Therefore, the cost of risk decreased by 6 bps Q/Q and increased by 2 bps Y/Y to 2 bps in 2Q23.

Unicredit's LLPs in 1H23 amounted to Euro 114 million decreased by 91.1 per cent H/H. Therefore the CoR was equal to 5 bps.

The Group, excluding Russia, has delivered record net revenue growth driven by a favourable interest rate environment and strong commercial momentum, this has resulted in Euro 18.1 billion in FY22, an increase of 14.7 per cent year on year. In FY22 NII grew 16.0 per cent year on year to Euro 9.9 billion. In 1Q23 the Group has delivered revenue growth driven by a favourable interest rate environment combined with management of deposit beta and strong commercial momentum. This has resulted in Euro 5.8 billion of net revenues, an increase of 56.5% year on year. It reflects consistent quality growth, delivering on all key levers across all businesses, underpinned by net interest income of Euro 3.3 billion, Euro 2.0 billion of fees, Euro 2.3 billion in costs and Euro 0.1 billion loan loss provisions. Net of the TLTRO, Tiering and Excess liquidity fee contribution booked in 4Q22, net revenues grew 22.3% quarter on quarter and grew 65.4% year on year underpinned by the strength of the commercial franchise and progress on the industrial transformation.

Total revenues stood at Euro 6.0 billion in 2Q23, up 0.6% Q/Q, driven by NII at Euro 3.5 billion (+6.0% Q/Q), partially offset by fees at Euro 1.9 billion (-1.6% Q/Q if excluding the net reduction of current account fees in Italy, -4.6% Q/Q otherwise), and Euro 0.5 billion trading income (-3.0% Q/Q). Total revenues were up 24.9% Y/Y, driven by NII (+41.3% Y/Y), fees (up 2.4% Y/Y if excluding the net reduction of current account fees in Italy, -0.7% Y/Y otherwise) and trading (+32.0% Y/Y).

In details[1]: 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.

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. In FY22 trading income 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.

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

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

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

In 2Q23, NII stood at Euro 3.5 billion, up 6.0% Q/Q, thanks to the contribution from all business divisions with management of the deposit pass through particularly in Italy, combined with supportive interest rate environment as well as the contribution from the investment portfolio. NII was up 41.3% Y/Y driven by higher customer loan rates, together with better results in the investment portfolio thanks to higher market rates (3M Euribor average).

Fees stood at Euro 1.9 billion in 2Q23, down 4.6% Q/Q and down 0.7% Y/Y almost entirely driven by the impact of the current account fees reduction in Italy, which started in April 2023 and total c. Euro 60 million in 2Q23. Net of this effect, fees were down 1.6% Q/Q, driven by lower investment fees in Italy, affected by lower gross AuM sales; and up 2.4% Y/Y thanks to better financing fees in Germany as well as better overall transactional fees.

Trading income stood at Euro 485 million in 2Q23, down 3.0% Q/Q and up 32.0% Y/Y the latter driven by higher treasury activity in Italy as well as contribution from strategic FX Hedging activity, and Fixed Income, Currencies and Commodity business in Germany, partially offset by lower client risk management activity in Russia.

For further information in relation to the net write-downs on loans, please see the consolidated Financial Statements of UniCredit as at 31 December 2022 and the UniCredit Consolidated First Half Financial Report as at 30 June 2023.

[1] 2022 data excluding Russia.

As recently highlighted by ECB (in June 2023), the outlook for the euro area showed that economic activity slightly declined at the end of the year, but it was relatively resilient to the large negative supply shocks that have been hitting the economy. The economy is expected to grow in the coming quarters as energy prices moderate, foreign demand strengthens and supply bottlenecks are resolved, allowing firms to continue to work through their significant order backlogs, and as uncertainty reduces, including that related to the recent banking sector stress. Furthermore, the ECB underlines that uncertainty surrounding the staff projections continues to be high also with reference to the development of energy prices.

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, an upsurge in the ongoing Russia-Ukraine conflict, further tensions on commodity prices, weaker global trade and renewed supply shortages, all could weigh heavily on the outlook. Although the ECB's monetary policy tightening will increasingly feed through to the real economy, the dampening effects from tighter credit supply conditions are expected to be limited. Together with the gradual withdrawal of fiscal support, this will weigh on economic growth in the medium term. The global economy's future health rests critically on the successful calibration of monetary policy and related impacts on inflation and the course of the war in Ukraine with related spillover effects.

In the context of persisting uncertainty explained above, UniCredit group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of first half 2023 Condensed interim Consolidated financial statements. In particular, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macro-economic trends, a Downturn Scenario has been outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). Such updated scenarios were applied for the valuation of credit exposures and deferred tax assets.

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 Financial Report as at 30 June 2023: Notes to the consolidated accounts - Part A Accounting policies – A1 General – Section 2 General preparation criteria.

In 1Q2023 specific analyses were performed with the aim to evaluate whether the scenarios used as of 31 December 2022 - for the purposes of the evaluation process of the DTAs and credit exposures subject to valuation uncertainties - were still valid or, conversely, which adjustments should have been put in place to properly reflect the updated economic environment.

On 9 December 2021 UniCredit presented to the financial community the 2022-2024 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/resurge of the COVID-19 pandemic, situations that UniCredit has been monitoring closely[2].

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

[2] From Strategic Plan presentation: Macro assumptions in the Strategic Plan consider the recent and existing impacts of COVID-19 at the time of the Plan presentation with a gradual normalization over the subsequent years. The scenario did not assume that the COVID-19 situation at that time would develop in a particularly negative way in the subsequent years.

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 25-27 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.

New business model allows for strong organic capital generation[3] with materially increased and growing shareholder distributions[4], 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[5] 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/resurge of the COVID-19 pandemic, situations that UniCredit has been monitoring closely[3].

The Plan is based on six pillars:

[3] 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.
[4] Shareholder distribution subject to supervisory & shareholder approvals and inorganic options.
[5] Average of yearly changes.

- 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; targeted approach to costs savings: faster realisation of non-business related efficiencies, 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[4,5] 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 macroeconomic developments on which uncertainties 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.

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. In 1Q23 an updated base case macro scenario has been disclosed in line with revised expectations.

For the 2Q23, reflecting UniCredit's historically prudent approach on classification and provisioning, the cost of risk, is 2 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. 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 conditions, 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 Objectives.

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 27-28 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 30 June 2023, Group gross NPEs were down by 13.0 per cent Y/Y and by 3.9 per cent Q/Q to Euro 12.1 billion in 2Q23 (while as at 31 March 2023 they were equal to Euro 12.6 billion) with gross NPE ratio of 2.6 per cent. (-0.3 p.p. Y/Y, -0.1 Q/Q).

As at 30 June 2023, Group Net NPEs stood at Euro 6.3 billion decreased compared to 31 March 2023 which attested at Euro 6.5 billion (Group Net NPE ratio stable compared to 31 March 2023 and is equal to 1.4 per cent.).

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 forborne 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 66 billion, moving from Euro 77.8 billion of 2015 to Euro 12.1 billion of 2Q23 (Euro 12.5 billion of 2022). 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**) decreased by 77.5 per cent Q/Q and increased Y/Y to Euro 21 million in 2Q23. Therefore, the cost of risk decreased by 6 bps Q/Q and increased by 2 bps Y/Y to 2 bps in 2Q23. The Group kept the amount of overlays on performing exposures flat Q/Q at circa 1.8 billion, which substantially reinforces the Group’s capacity to withstand macroeconomic shocks.

Unicredit’s LLPs, in 1H23 amounted to Euro 114 million decreased by 91.1 per cent H/H. Therefore the CoR was equal to 5 bps.

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.

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 2022 and the UniCredit Consolidated First Half Financial Report as at 30 June 2023.”

- 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 page 29 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.1.4* *<u>Risks associated with the Group's exposure to sovereign debt</u>*

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 debt securities as at 30 June 2023 amounted to Euro 101,292 million (as at 31 December 2022 it amounted to Euro 99,103 million), of which over the 78 per cent was concentrated in eight countries, including: Italy with Euro 36,357 million (at 31 December 2022 it amounted to Euro 34,826 million), representing about 36 per cent of the total (over 35 per cent at 31 December 2022) and over 4 per cent of the Group total assets (the same as at 31 December 2022); Spain with Euro 14,433 million; Japan with Euro 7,927 million; United States of America with Euro 6,725 million; Germany with Euro 5,470 million; Austria with Euro 2,997 million; Czech Republic with Euro 2,801 million and Romania with Euro 2,523 million.

As at 30 June 2023, the remaining 22 per cent of the total sovereign exposures in debt securities, equal to Euro 22,059 million as recorded at the book value, was divided between 33 countries, including: Bulgaria (Euro 2,182 million), Croatia (Euro 2,135 million), France (Euro 2,070 million), Portugal (Euro 1,612 million), Hungary (Euro 1,606 million), Israel (Euro 1,112 million), Poland (Euro 1,041 million), Ireland (Euro 953 million), Serbia (Euro 944 million), Slovakia (Euro 711 million), China (Euro 687 million) and Russia (Euro 650 million).

With respect to these exposures, as at 30 June 2023, 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 647 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 30 June 2023 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 4,814 million (as at 31 December 2022 it amounted to Euro 3,241 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 26,020 million as at 30 June 2023 (as at 31 December 2022 it amounted to Euro 25,321 million)."

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

"1.2.1 *<u>Liquidity Risk</u>*

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 and term 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 June 2023, the LCR of the Group was equal to 160 per cent., whereas at 31 December 2022 was equal to 161 per cent. (calculated as the average of the 12 latest end of month ratios). As of June 2023, the NSFR was above the internal limit of 102.3 per cent., 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 favourable 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. This liquidity support is approaching its maturity. 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.

Following the main tranche repayment for Euro 65.2 billion in June 2023, UniCredit group still retains Euro 12.6 billion of TLTRO III of additional tranche to be repaid in March 2024. As of 30 June 2023, 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

Effect from	**Maturity**	**Amounts (Euro -billion)**
24 March 2021	27 March 2024	12.6
Total		12.6”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Risk related to the property market trends*”, on page 32 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. Reduced liquidity and geopolitical tensions might cause in short to medium-term a downturn in property prices, that can imply for the UniCredit Group the need to recognize reduction in the value of the property owned where book value is higher than market value, with possible material adverse effects on UniCredit’s business, capital and results of operations.

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 policies, to provide reliable and more relevant information on the effects of business management as well as the Group's financial position and economic result.

As at 30 June 2023 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 first half 2023, a negative effect for Euro -71 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 a decrease in the specific valuation reserve for an amount of Euro -40 million. In addition to this decrease, losses for Euro -32 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 1 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.

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 UniCredit's loans, fall, the value of the collateral securing such loans would decline."

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Risks connected with legal proceedings"*, on pages 36-37 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 30 June 2023, the UniCredit Group set aside a provision for risks and charges of Euro 588.82 million, of which Euro 274.1 million for the parent company UniCredit S.p.A. As of 30 June 2023, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 8 billion, of which approximately Euro 5.8 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 2022, the total amount of provisions amounted to Euro 178.77 million, of which Euro 2.56 million for legal expenses. As of 30 June 2023, the total amount of provisions amounted to Euro 172.29 million of which Euro 2.42 million for legal expenses.

As far as the tax inspections and tax disputes are concerned, in relation to 30 June 2023, 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 37-39 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 CRRII. 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 2023, 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 22.13 per cent of RWA - plus the applicable CBR - and 6.02 per cent of LRE. The corresponding "fully loaded" MREL subordinated component will be equal to 15.36 per cent of RWA plus applicable CBR and 6.02 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 Base Prospectus, 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 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). The ECB has also communicated to UniCredit a Leverage ratio Pillar 2 Requirement (P2R-LR) equal to zero. As a consequence, UniCredit is required to meet the following overall capital requirements (OCR) and overall leverage ratio requirement (OLRR) on a consolidated basis as of June 2023[6]:

- Common Equity Tier 1 ratio: 9.52 per cent.
- Tier 1 ratio: 11.39 per cent.;
- Total Capital ratio: 13.89 per cent.; and
- Transitional Leverage ratio: 3.5 per cent.

As of June 2023, the consolidated CET1 Capital, Tier 1 and Total Capital Transitional ratios were equal to, respectively, 16.94 per cent, 18.59 per cent and 21.59 per cent. Therefore, CET1 Transitional ratio was exceeding the relevant requirement by 720 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 June 2023, the CET1 ratio Fully Loaded, i.e. calculated without considering the benefit arising from IFRS 9 Transitional arrangements, was equal to 16.64 per cent exceeding by 689 bps CET1 ratio requirements.

As of June 2023, the Transitional Leverage Ratio was 5.85 per cent. Therefore, Transitional leverage ratio was exceeding the relevant requirement by 235 bps.

UniCredit also took 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 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 was 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 published the results for the individual banks at the end of July 2023. Despite the more severe stressed scenario applied this year, UniCredit's capital depletion is meaningfully lower than for the 2021 EU-wide stress test result thanks to a much stronger starting point based on a significant improvement in capital generation, sound asset quality and prudent overlays. This positions UniCredit well for potential macroeconomic shocks. UniCredit's results are summarized below:

[6] The reported OCR is based on the Countercyclical Capital Buffer as of June 2023. As of December 2022 previous to the increase of the Pillar 2 requirements the OCR is: 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. The reported OLRR includes the 3% minimum equal for all the banks and the 0.5% additional buffer for global systemically important bank specific to UniCredit.

- baseline scenario:

  - 2025 fully loaded CET1r at 19.97% corresponding to 397 bps higher than fully loaded CET1r as of December 2022

  - 2025 transitional CET1r at 19.97% corresponding to 329 bps higher than transitional CET1r as of December 2022

- adverse scenario:

  - 2025 fully loaded CET1r at 12.51% corresponding to 349 bps lower than fully loaded CET1r as of December 2022

  - 2025 transitional CET1r at 12.51%, corresponding to 417 bps lower than transitional CET1r as of December 2022.

In years when there is no EU-wide EBA stress test, the ECB tests significant institutions under its direct supervision against a specific kind of shock. These tests are run in cooperation with national supervisory authorities, and the ECB publishes the results on an aggregate basis. In 2022 UniCredit participated to the ECB stress test on “Climate Risk”, with results published in July 2022. In 2024, UniCredit is expected to participate to the ECB stress test on “Cyber resilience”, currently in planning by the ECB.

Furthermore, EBA has announced the timeline for the annual EU-wide transparency exercise, which will be launched in September 2023. The exercise will cover the figures from the second half of 2022 and the first half of 2023 (i.e. information as of September 2022, December 2022, March 2023 and June 2023) on banks' exposures and asset quality to financial operators and results will be published by EBA in December 2023. UniCredit was notified its involvement in the 2023 EU-wide transparency exercise on 8 May 2022.

UniCredit, on 9 December 2021, presenting its 2022-2024 Strategic Plan “UniCredit Unlocked” (**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, on 31 March 2023 the shareholders’ meeting has resolved, as part of the activities envisaged in UniCredit Unlocked, the authorization for a distribution of approximately Euro 5,250 million for the financial year ended on 31 December 2022, 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”[7]; 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 has been communicated to the market on 3 April 2023. On 29 June 2023, the execution of the "First Tranche of the Buy-Back

[7] Excluding Russia segment contribution.

Programme 2022", for an amount of Euro 2,343 million has been completed. From 30 June 2023, activities related to the second tranche of the buy-back for an amount of Euro 1,000 million (the "Second Tranche of the Buy-Back Programme 2022") have been started and, as of 21 July 2023, shares for a total consideration of Euro 16 million have been purchased.

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 40 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 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.

More in particular, the European Parliament and the Council have recently reached a provisional agreement on the so-called "2021 Banking Package" legislative prosal (as better described under "*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*" below) and, as at the date of this Base Prospectus, there is uncertainty as to its adoption and implementation. In particular, it is not yet clear how and to what extent this legislative proposal may impact on the Group's operations.

In addition, on 18 April, 2023, the European Commission published a proposal for the further amendment of the BRRD, including, among other things, the amendment of the ranking of claims in insolvency to provide for a general depositor preference, pursuant to which the insolvency laws of Members States would be required by the BRRD to extend the legal preference of claims in respect of deposits relative to ordinary unsecured claims to all deposits. The implementation of this proposal is subject to further legislative procedures but if it is implemented in its current form, this would confirm the outcome currently applicable under Italian law, whereby the Senior Notes (including Senior Preferred Notes) will rank junior to the claims of all depositors, including deposits of large corporates and other deposits.

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 relating to Senior Notes and Non-Preferred Senior Notes*", the Risk Factor headed "*Early redemption and purchase of the Senior Notes and Non-Preferred Senior Notes may be restricted*", on pages 44-45 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.2.3* *Early redemption and purchase of the Senior Notes and Non-Preferred Senior Notes may be restricted*

Any early redemption or purchase of Senior Notes and Non-Preferred Senior Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the then applicable Relevant Regulations, including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the MREL or TLAC Requirements.

In addition, under the Banking Reform Package, the early redemption or purchase of Senior Notes and Non-Preferred Senior Notes which qualify as eligible liabilities available to meet MREL or TLAC Requirements is subject to the prior approval of the Relevant Resolution Authority where applicable from time to time under the applicable Relevant Regulations, including the MREL or TLAC Requirements. The Banking Reform Package states that the Relevant Resolution Authority would approve an early redemption of the Senior Notes and Non-Preferred Senior Notes where any of the following conditions is met:

- on or before such early redemption or purchase of the Senior Notes or Non-Preferred Senior Notes, the Issuer replaces the Senior Notes or Non-Preferred Senior Notes with Own Funds instruments or eligible liabilities of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer;

- the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that its Own Funds and eligible liabilities would, following such redemption or purchase, exceed the requirements for Own Funds and eligible liabilities set out in the CRD IV Directive or the BRRD (or, in either case, any relevant provisions of Italian law implementing the CRD IV Directive or, as appropriate, the BRRD) or the CRD IV Regulation by a margin that the Relevant Resolution Authority, in agreement with the Competent Authority, considers necessary; or

- the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that the partial or full replacement of the eligible liabilities with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the CRD IV Regulation and in the CRD IV Directive for continuing authorisation.

In addition, the Issuer may elect not to exercise any option to redeem any Senior Notes or Non-Preferred Senior Notes early or at any time. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period."

- In the subsection "*Risks relating to Subordinated Notes*", the Risk Factor headed "*Early redemption and purchase of the Subordinated Notes may be restricted*", on pages 47-48 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.3.4* *Early redemption and purchase of the Subordinated Notes may be restricted*

Any early redemption or purchase of Subordinated Notes is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

(a) the Issuer giving notice to the Competent Authority and the Competent Authority granting prior permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the then applicable Relevant Regulations, including Articles 77 and 78 of the CRD IV Regulation, as amended or replaced from time to time), where either:

  (i) on or before such redemption or purchase (as applicable), the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

  (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such repayment or purchase, exceed the minimum requirements (including any capital buffer requirements) required under the Relevant Regulations by a margin that the Competent Authority considers necessary at such time; and

(b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date of the relevant Subordinated Notes, if and to the extent required under Article 78(4) of the CRD IV Regulation or the Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014, as amended from time to time:

  (i) in the case of redemption pursuant to Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Notes in Global Form and Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Dematerialised Notes, the Issuer having demonstrated to the satisfaction of the Competent Authority that the change in the applicable tax treatment of the Subordinated Notes is material and was not reasonably foreseeable as at the Issue Date; or

  (ii) in case of redemption pursuant to Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Notes in Global Form and Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Dematerialised Notes, a Regulatory Event having occurred in respect of Subordinated Notes; or

  (iii) on or before such redemption or repurchase (as applicable), the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority having permitted that action on the basis of the determination that it would be classified from a prudential point of view and justified by exceptional circumstances; or

  (iv) the Notes being repurchased for market making purposes,

  subject in any event to any alternative or additional conditions or requirements as may be applicable from time to time under the Relevant Regulations for the time being.

There can be no assurance that the relevant Competent Authority will permit such redemption or purchase. In addition, the Issuer may elect not to exercise any option to redeem any Subordinated Notes early or at any time. Holders of Subordinated Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period."

- 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 page 53 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). It should be noted that on 31 March 2023, after the approval of the Shareholders' meeting and of the ECB, Euro 3.3 billion of distributable reserves have been allocated to the buy-back of own shares.

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 53-58 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;*

<u>Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments</u>

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 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 included in the CRD IV Directive Article 141b 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 introduced in the BRRD Article 16a that clarifies the stacking order between the combined buffer requirement and the MREL requirements (including the TLAC requirement). Pursuant to this 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 the provisions of CRR and 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 minimum capital requirements under the CRR and CRD provisions, supervisory authorities may add extra capital requirements (**Pillar 2 Requirement**) to cover risks they believe are not covered, or are insufficiently covered, by the minimum capital requirements. 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.

Moreover, the CRRII and the CRD V envisage a leverage ratio requirement of 3 per cent. Tier 1 Capital, a leverage ratio related maximum distributable amount for G-SIIs (as described above).

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

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

The provisions laid down by the CRD V as to the Pillar 2 Guidance and Pillar 2 Requirements have been 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).

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 2019, 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:

Required minimum CET1 Capital ratio		
	As at 31 December 2022	**As at 30 June 2023**
Pillar 1 CET1	4.50%	4.50%

Pillar 2 CET1 requirement	0.98%	1.13%
Combined capital buffer requirement	3.63%[1]	3.89%[1]
OCR level	**9.12%**	**9.52%**

[1] Including 0.36 per cent. of countercyclical capital buffer as at 30 June 2023 and 0.13 per cent. as at 31 December 2022 to be calculated on a quarterly basis.

Required Minimum Tier 1 ratio		
	As at 31 December 2022	**As at 30 June 2023**
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1[1]	1.50%	1.50%
Pillar 2 Tier 1 requirement	1.31%	1.50%
Combined capital buffer requirement	3.63%[2]	3.89%[2]
OCR level	**10.95%**	**11.39%**

[1] May be comprised of Additional Tier 1 or CET1.
[2] Including 0.36 per cent. of countercyclical capital buffer as at 30 June 2023 and 0.13 per cent. as at 31 December 2022 to be calculated on a quarterly basis.

Required Minimum Total Capital ratio		
	As at 31 December 2022	**As at 30 June 2023**
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1[1]	1.50%	1.50%
Pillar 1 Tier 2[2]	2.00%	2.00%
Pillar 2 Total Capital requirement	1.75%	2.00%
Combined capital buffer requirement	3.63%[3]	3.89%[3]
OCR level	**13.38%**	**13.89%**

[1] May be comprised of Additional Tier 1 or CET1.
[2] May be comprised of Tier 2, Additional Tier 1 or CET1.
[3] Including 0.36 per cent. of countercyclical capital buffer as at 30 June 2023 and 0.13 per cent. as at 31 December 2022 to be calculated on a quarterly basis.

As at 31 December 2021, 31 December 2022 and 30 June 2023, the consolidated capital ratios (CET1 Capital, Tier 1 and Total Capital ratios), are set out in the table below:

Capital ratios	**31 December 2021**	**31 December 2022**	**30 June 2023**
CET1 Capital ratio	15.82%	16.68%	16.94%
Tier 1 ratio	17.94%	18.65%	18.59%
Total Capital ratio	20.14%	21.42%	21.59%

The transitional leverage ratio stated stood at 5.85 per cent. in 2Q23.

UniCredit is fully compliant with its TLAC requirement which, as of 2Q23, is based on RWA[8], with a TLAC ratio of 27.58 per cent. of RWA[9] and of 8.68 per cent. of Leverage Ratio Exposures, implying a buffer of 569 bps over the 21.89 per cent requirement in terms of RWA equivalent to 179 bps in terms of Leverage Exposures. The buffer calculated on TLAC requirement in terms of Leverage Exposures (6.75 per cent.) amounts to 193 bps.

UniCredit is also fully compliant with its MREL requirements[10] with a 2Q23 MREL ratio of 31.53 per cent. of RWA (of which 24.08 per cent of subordinated components) and of 9.92 per cent. of Leverage Exposures (of which 7.58 per cent of subordinated components) implying a buffer of 691 bps over the 24.62 per cent. RWA Requirement (of which 15.68 per cent of subordinated components, leading to buffer of 840 bps) and a buffer of 402 bps over the 5.90 per cent Leverage Exposures Requirement (of which 5.68 per cent of subordinated components, leading to buffer of 190 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 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.

[8] 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 (3.89% as of June 2023) is added and the 6.75% of leverage exposures.

[9] Including 3.5% per cent. of RWA senior exemption.

[10] MREL RWA requirement includes the Combined capital Buffer Requirement applicable at the date.

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 this provision, 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.

The provisions laid down by the CRD V as to the national competent authorities' to introduce a systemic risk buffer have been transposed into the Italian secondary level legislation, now also providing for the regulator's authority to set one or more systemic risk buffer rates.

As of the date of this Base Prospectus, the Bank of Italy has not exercised so far its authority to introduce a SyRB (as defined below) or a borrower-based measure.

In accordance with the Recommendation of the European System Risk Board of 2 June no. ESRB/2022/4, on 20 October 2022, the Bank of Italy has announced its intention to reciprocate the German measure (the **German Measure**) imposing a 2% SyRB buffer rate on all exposures (both retail and non-retail) to natural and legal persons that are secured by residential real estate located in Germany. As of 1 February 2023, the German Measure applies in relation to direct or indirect exposures of banks incorporated in Italy secured by real estate situated in Germany and addressed Italian banks are required to comply with this SyRB buffer ratio. As of the date of this Base Prospectus, the Group is compliant with the German Measure, as reciprocated by the Bank of Italy.

Furthermore, a number of Member States where the Group undertakes its activities have decided to introduce a SyRB buffer ratio. As of the date of this Base Prospectus, these decisions have not been reciprocated by the Bank of Italy and thus are not expected to have a material impact on the Group's operations.

In addition, Article 133 of the CRD V includes a 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."

- In the subsection "*Risks relating to Additional Tier 1 Notes*", the Risk Factor headed "*No scheduled redemption – early redemption and purchase of the Additional Tier 1 Notes may be restricted*", on pages 61-63 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.4.9* <u>*No scheduled redemption – early redemption and purchase of the Additional Tier 1 Notes may be restricted*</u>

The Issuer is under no obligation to redeem the Additional Tier Notes at any time before the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, and the Noteholders have no right to call for their redemption.

The Issuer may, at its sole discretion (but subject to the provisions of Condition 10.16 (*Conditions to Early Redemption and Purchase of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Notes in Global Form and Condition 10.16 (*Conditions to Early Redemption and Purchase of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes) redeem the Additional Tier 1 Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 11 (*Taxation*) of the Terms and Conditions for Notes in Global Form and Condition 11 (*Taxation*) of the Terms and Conditions for the Dematerialised Notes, as described in Condition 10.2 (*No fixed redemption for the Additional Tier 1 Notes*) of the Terms and Conditions for the Notes in Global Form and Condition 10.2 (*No fixed redemption for the Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes.

In addition, the Issuer may also, at its sole discretion (but subject to the provisions of Condition 10 (*Redemption and Purchase*) of the Terms and Conditions for the Notes in Global Form and Condition 10 (*Redemption and Purchase*) of the Terms and Conditions for the Dematerialised Notes), redeem the Additional Tier 1 Notes in whole, but not in part, following the occurrence of a Capital Event and in whole, or in part, following the occurrence of a Tax Event (each as defined herein) at their Prevailing Principal Amount, plus, in each case, if relevant, any accrued interest and any additional amounts due pursuant to Condition 11 (*Taxation*) of the Terms and Contions for the Notes in Global Form and Condition 11 (*Taxation*) of the Terms and Conditions for the Dematerialised Notes as described in Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) and Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Notes in Global Form and Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) and Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Dematerialised Notes.

In addition, on 22 December 2022 the Council Directive 2022/2523 “on ensuring a global minimum level of taxation for multinational groups in the Union” aimed at implementing the OECD Pillar Two Model Rules (the **Pillar 2 Directive**) has been published in the EU Official Journal. The Directive has been unanimously approved by all 27 Member States, which are required to implement these rules into their national systems before 31 December 2023 (first fiscal year applicable 2024). The extent of the implementation of Pillar 2 Directive in the jurisdictions in which the UniCredit Group operates is still uncertain. In particular, it is unclear whether and to what extent interest payments accrued in respect of certain equity accounted instruments such as the Additional Tier 1 Notes would be considered as being deductible for tax purposes. If, following the implementation of the Pillar 2 Directive in Italy, interest payments under the Notes become not tax deductible by the Issuer, this may result in the occurrence of a Tax Event (please see Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Notes in Global Form and Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Dematerialised Notes).

The intention of UniCredit is for Additional Tier 1 Notes to qualify on issue as "Additional Tier 1 Capital" for regulatory capital purposes.

Although it is UniCredit’s expectation that the Additional Tier 1 Notes qualify on issue as "Additional Tier 1 Capital", there can be no representation that this is or will remain the case during the life of the Additional Tier 1 Notes. If there is a change in the regulatory classification of the Additional Tier 1 Notes that would be likely to result in their exclusion from "Additional Tier 1 Capital" and, in respect of any redemption of the relevant Additional Tier 1 Notes proposed to be made prior to the fifth anniversary of the Issue Date, both of the following conditions are met: (i) the Competent Authority considers such a change to be reasonably certain and (ii) UniCredit demonstrates to the satisfaction of the Competent Authority that the change in the regulatory classification of the Additional Tier 1 Notes was not reasonably foreseeable by UniCredit as at the date of the issue of the relevant Additional Tier 1 Notes, UniCredit will (if so specified in the applicable Final Terms) have the right to redeem the Additional Tier 1 Notes in accordance with Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Notes in Global Form and Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Dematerialised Notes, subject to, *inter alia*, the prior approval of the relevant Competent Authority and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations. There can be no assurance that holders of such Additional Tier 1 Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be. Also, if at any time a Regulatory Event with regard to Additional Tier 1 Notes occurs then the Issuer may, as specified in the risk factor "*Additional Tier 1 Notes may be subject to modification without Noteholder consent*" below, at any time vary the terms of such Notes so that they remain or, as appropriate, become Qualifying Additional Tier 1 Notes.

Any early redemption or purchase of Additional Tier 1 Notes is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

(a) the Issuer giving notice to the Competent Authority and the Competent Authority granting prior permission to redeem or purchase the relevant Additional Tier 1 Notes (in each case to the extent, and in the manner, required by the then Relevant Regulations, including Articles 77 and 78 of the CRD IV Regulation, as amended or replaced from time to time), where either:

    (i) on or before such redemption or purchase (as applicable), the Issuer having replaced the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

    (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such repayment or purchase, exceed the minimum requirements (including any capital buffer requirements) required under the Relevant Regulations by a margin that the Competent Authority considers necessary at such time; and

(b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date of the relevant Additional Tier 1 Notes, if and to the extent required under Article 78(4) of the CRD IV Regulation or the Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014, as subsequently amended:

    (i) in the case of redemption pursuant to Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Notes in Global Form and Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Dematerialised Notes, the Issuer having demonstrated to the satisfaction of the Competent Authority that the change in the applicable tax treatment of the Additional Tier 1 Notes is material and was not reasonably foreseeable as at the Issue Date; or

    (ii) in case of redemption pursuant to Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Notes in Global Form and Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Dematerialised Notes, a Capital Event having occurred in respect of Additional Tier 1 Notes; or

    (iii) on or before such redemption or repurchase (as applicable), the Issuer having replaced the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted that action on the basis of the determination that it would be classified from a prudential point of view and justified by exceptional circumstances; or

(iv) the Notes being repurchased for market marketing purposes.

subject in any event to any alternative or additional conditions or requirements as may be applicable from time to time under the Relevant Regulations.

In addition, any proposed redemption of Additional Tier 1 Notes prior to the fifth anniversary of their Issue Date shall (i) in the case of a Capital Event, be restricted as set out above under "*Regulatory classification of the Notes*" and (ii) in the case of a Tax Event, be limited to circumstances in which the change or amendment giving rise to the Tax Event is, to the satisfaction of the relevant Competent Authority, material and was not reasonably foreseeable by the Issuer as at the Issue Date of the relevant Additional Tier 1 Notes.

There can be no assurance that the relevant Competent Authority will permit any redemption or purchase of Additional Tier 1 Notes. See also "No scheduled redemption" above. In addition, the Issuer may elect not to exercise any option to redeem any Additional Tier 1 Notes early or at any time. Holders of Additional Tier 1 Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for an indefinite period."

- In the subsection "*Risks related to Notes generally*", the Risk Factor headed "*Notes issued, if any, as "Green Bonds", "Social Bonds" or "Sustainability Bonds" may not be a suitable investment for all investors seeking exposure to green assets or social assets or sustainable assets*", on pages 69-72 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.7.9* *<u>Notes issued, if any, as "Green Bonds", "Social Bonds" or "Sustainability Bonds" may not be a suitable investment for all investors seeking exposure to green assets or social assets or sustainable assets</u>*

If so specified in the relevant Final Terms, the Issuer may issue Notes under the Programme described as Green Bonds, Social Bonds and Sustainability Bonds (each as defined in the "*Use of Proceeds*" section of this Base Prospectus) in accordance with the Issuer's Sustainability Bond Framework (as defined in the "*Use of Proceeds*" section of this Base Prospectus) and the principles set out by the International Capital Market Association (**ICMA**) (respectively, the Green Bond Principles (**GBP**), the Social Bond Principles (**SBP**) and the Sustainability Bond Guidelines (**SBG**)).

In such a case, prospective investors should have regard to the information set out at "Reasons for the Offer, estimated net proceeds and total expenses" in the applicable Final Terms and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investors deem necessary, and must assess the suitability of that investment in light of their own circumstances. In particular, no assurance is given by the Issuer, the Arranger or the Dealers that the use of such proceeds for the funding of any green project or social project or sustainable project, as the case may be, will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law, regulations or standards (including, amongst others, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the **EU Taxonomy Regulation**) or any standards resulting from the proposal for a European green bond standard (**EUGBS**) adopted by the European Commission on 6 July 2021).

Furthermore, it should be noted that there is currently no clearly established definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, respectively "green" or a "social" or a "sustainable" project or as to what precise attributes are required for a particular project to be defined as "green" or "social" or "sustainable" or such other equivalent label. The EU Taxonomy Regulation is subject to further developments by way of implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation (the **EU Sustainable Finance Taxonomy Delegated Acts**). A first delegated act on sustainable activities for climate change adaptation and mitigation objectives was approved in principle on 21 April 2021 and formally adopted on 4 June 2021. A second delegated act for the remaining objectives will be published. On 6 July 2021, a delegated act supplementing Article 8 of the EU Taxonomy Regulation was adopted by the Commission, then published in the Official Journal on 10 December 2021 and it is applicable since January 2022. This delegated act specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. On March 2022, the European Commission adopted a complementary climate delegated act including, under strict conditions, specific nuclear and gas energy activities in the list of economic activities covered by the EU Taxonomy Regulation. It was published in the Official Journal on 15 July 2022 and it is applicable since January 2023. The criteria for the specific gas and nuclear activities are in line with EU climate and environmental objectives and will help accelerate the shift from solid or liquid fossil fuels, including coal, towards a climate-neutral future.

Even if a definition or market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label, should develop or be established, no assurance is or can be given to investors that any green or social or sustainable project, as the case may be, towards which proceeds of the Notes are to be applied will meet any or all investor expectations regarding such "green" or "social" or "sustainable"(or other equivalently labelled) performance objectives (including those set out under the EU Taxonomy Regulation and the EU Sustainable Finance Taxonomy Delegated Acts) or that any adverse social, green, sustainable and/or other impacts will not occur during the implementation of any green or social or sustainable project. Moreover, in light of the continuing development of legal, regulatory and market conventions in the green, sustainable and positive social impact markets, there is a risk that the legal frameworks and/or definitions may (or may not) be modified to adapt any update that may be made to the ICMA’s Green Bond Principles and/or the ICMA’s Social Bonds Principles and/or the ICMA’s Sustainable Bonds Guidelines and/or the EU framework standard. Such changes may have a negative impact on the market value and the liquidity of any Green Bond, Social Bond or Sustainability Bond issued prior to their implementation.

In the event that any Green Bond, Social Bond or Sustainability Bond are listed or admitted to trading on any dedicated “green”, “environmental”, “social” or “sustainable” or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Arranger, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another.

While it is the intention of the Issuer to apply an amount equivalent to the proceeds of Social Bonds, Green Bonds or Sustainability Bonds in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the green, social or sustainable projects (either resulting from the original application of the proceeds of the Notes or a subsequent reallocation of such proceeds), as the case may be, will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly the proceeds of the relevant Green Bonds, Social Bonds or Sustainability Bonds will be totally or partially disbursed for such projects. Nor can there be any assurance that (i) such green, social or sustainable projects will be completed within any specified period or at all, (ii) with the results or outcome as originally expected or anticipated by the Issuer or (iii) the originally designated green project or social project or sustainable project (or any project(s) resulting from any subsequent reallocation of some or all of the proceeds of the relevant Green Bonds, Social Bonds or Sustainability Bonds) will not be the potentially or actual disqualified as such. Any such event or failure by the Issuer (including to comply with its reporting obligations or to obtain any assessment, opinion or certification, including the Second-party Opinion in relation to Green Bonds, Social Bonds or Sustainability Bonds), any actual or potential maturity mismatch between the green, social or sustainable asset(s) towards which proceeds of the Notes may have been applied and the relevant Notes or if any other risk(s) set out or contemplated by this risk factor with respect to Green Bonds, Social Bonds or Sustainability Bonds are realised, such occurrence will not, with respect to any Notes (including for the avoidance of doubt, any Senior Notes, Non-Preferred Senior Notes, Subordinated Notes or Additional Tier 1 Notes), (i) give rise to any claim of a Noteholder against the Issuer; (ii) constitute an event of default under the relevant Notes; (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes; (iv) affect the qualification of such Notes as Senior Notes, Non-Preferred Senior Notes, Subordinated Notes, Additional Tier 1 Notes or as eligible liabilities instruments or impact any of the features of such Notes, including (without limitation, as applicable) features relating to ranking, permanence, loss absorption and/or flexibility of payments (as applicable); or (v) prevent the applicability of the Bail-in Power (or any other provision of the Relevant Regulations). Neither the proceeds of any Green Bonds, Social Bonds or Sustainability Bonds nor any amount equal to such proceeds or asset financed with such proceeds will be segregated by the Issuer from its capital and other assets. For the avoidance of doubt, payments of principal and interest and the operation of any other features (as the case may be) on the relevant Green Bonds, Social Bonds or Sustainability Bonds shall not depend on the performance of the relevant project nor have any preferred or any other right against the green, social or sustainable assets towards which proceeds of the Notes are to be applied.

Any such event or failure to apply the proceeds of the issue of the Notes for any green, social or sustainable projects as aforesaid may have a material adverse effect on the value of the Notes and/or result in adverse consequences for, amongst others, investors with portfolio mandates to invest in securities to be used for a particular purpose.

In addition, Green Bonds, Social Bonds or Sustainability Bonds may also qualify as Own Funds or eligible liabilities. The fact that Notes which qualify as Own Funds or eligible liabilities (which may include, for the avoidance of doubt, Senior Notes, Non-Preferred Senior Notes, Subordinated Notes and Additional Tier 1 Notes) are also Green Bonds, Social Bonds or Sustainability Bonds shall not impact (i) any of the features of such Notes, including (without limitation, as applicable) features relating to ranking, permanence, loss absorption and/or flexibility of payments or enhance the performance of the relevant Notes in any way, (ii) the availability of the Notes (or the proceeds thereof) to absorb all losses (whether or not related to any green, social or sustainable assets towards which proceeds of the relevant Notes may have been applied or, if relevant, reallocated) in accordance with their terms (if applicable) or the Relevant Regulations, (iii) the relevant CRR eligibility criteria applicable to the qualification of the relevant Notes as Own Funds or eligible liabilities (as appropriate) or applicability of the relevant BRRD requirements for Own Funds and eligible liabilities or (iv) the risks related to the qualification of such Notes as Own Funds or eligible liabilities (as appropriate). Among the risks applicable to the Issuer's Notes, the Issuer's Green Bonds, Social Bonds or Sustainability Bonds may be subject to mandatory write-down or conversion to equity in the event a resolution procedure is initiated in respect of the UniCredit Group (including the Issuer) and, with respect to Green Bonds, Social Bonds or Sustainability Bonds qualifying as Tier 2 Capital or Additional Tier 1 Capital, even before the commencement of any such procedure if certain conditions are met, in which cases the fact that such Notes are designated as Green Bonds, Social Bonds or Sustainability Bonds does not provide their holders with any priority compared to other Notes, nor is their level of subordination affected by such designation.

1.7.10 *No assurance of suitability or reliability of any Second-party Opinion or any other opinion or certification of any third party relating to any Green Bonds, Social Bonds or Sustainability Bonds*

It should be noted that in connection with the issue of Green Bonds, Social Bonds and Sustainability Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue a second-party opinion confirming that the relevant green and/or social and/or sustainable project, as the case may be have been defined in accordance with the broad categorisation of eligibility for green, social and sustainable projects set out in the GBP, the SBP and the SBG and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental, sustainability or social projects (any such second-party opinion, including the Issuer's Sustainability Bond Framework Second-party Opinion (as defined in the "*Use of Proceeds*" section of this Base Prospectus), a **Second-party Opinion**). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding the net proceeds of the relevant issue of Green Bonds, Social Bonds or Sustainability Bonds. A Second-party Opinion would not constitute a recommendation to buy, sell or hold the relevant Green Bonds or Social Bonds or Sustainability Bonds and would only be current as of the date it is released. In addition, no assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any Second-party Opinion, which may or may not be made available in connection with the issue of any Green Bond, Social Bond or Sustainability Bond and in particular with any eligible projects to fulfil any environmental, social, sustainability and/or other criteria. Any such Second-party Opinion is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus.

A withdrawal of the Second-party Opinion may affect the value of such Green Bonds, Social Bonds or Sustainability Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green or social or sustainable assets. The withdrawal of any report, assessment, opinion or certification as described above, or any such Second-party Opinion attesting that the Issuer is not complying in whole or in part with any matters for which such Second-party Opinion is reporting, assessing, opining or certifying on, and/or any such Green Bonds, Social Bonds or Sustainability Bonds no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of Green Bonds, Social Bonds or Sustainability Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose."

- In the subsection "*Risks related to Notes generally*", the Risk Factor headed "*Risks relating to the application of a Participation Factor or a Leverage lower than 100 per cent.*", on page 72 of the Base Prospectus, shall be renumbered as "*1.7.11*".

- In the subsection "*Risks related to the market generally*", the Risk Factor headed "*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes*", on pages 74-75 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.9.2 <u>An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes</u>

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment, are being issued to a single investor or a limited number of investors objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. In addition, should the Issuer be in financial distress, this is likely to have a further significant impact on the secondary market for the Notes and investors may have to sell their Notes at a substantial discount to their principal amount. In addition, Series of the Notes issued under this Programme may be subscribed (upon issuance) by the Issuer itself or by its affiliate(s) for resales on the secondary market thereafter on the basis of investors' demand. Accordingly, in these cases investors purchasing the relevant Notes should be aware that there may not be a liquid secondary market for the relevant Notes immediately. Even if a market does develop subsequently, it may not be liquid. Furthermore investors should note that when subscribing the Notes the relevant Dealer may receive in consideration underwriting commissions and selling concessions. The Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer. In addition, the Issuer or one of its affiliates may act market maker, liquidity provider or specialist or perform other similar roles in connection with the Notes, including *inter alia* acting as intermediary performing the investment service of execution of orders; in such cases, the Issuer or one of its affiliates can purchase the Notes issued by itself. In light of the above circumstances potential conflicts of interest may exist between the Issuer and/or its affiliates acting in such capacity of owners/holders of the Notes and/or market maker, liquidity provider or specialist or intermediary on the one hand and investors in the Notes on the other.

The relevant market maker, liquidity provider or specialist may act by virtue of agreements entered into with the Issuer and/or the Dealer/Distributor, pursuant to which such subjects undertake to sell the Notes on the secondary market at a price calculated on the basis of predetermined conditions and/or for a maximum predetermined quantity. Where the liquidity of the Notes is supported by one or more subjects operating on the secondary market, there is a risk that the purchase price of the Notes is influenced in a prevalent manner by the activity of such subjects if the purchase price is formulated on the basis of pre-determined criteria; in such a case, in fact, the price may not reflect all the market variables and may not be indicative of the same and may, therefore, be different than the price that would have been determined independently on the market.

However, the Issuer reserves the right to cancel some or all of the Notes held by the Issuer itself or by re-purchasing them from the relevant Dealer at any time prior to the final maturity of the Notes. Accordingly, the aggregate nominal amount or number of Notes outstanding at any time may be significantly less than the nominal amount outstanding on the Issue Date, and this could have a negative impact on the investor's ability to sell the Notes in the secondary market. While this risk applies to all Notes, it may be particularly the case with regard to Notes intended to be/or listed on Borsa Italiana S.p.A. and admitted to trading on the Electronic Bond Market organised and managed by Borsa Italiana S.p.A. (**MOT**) or on EuroTLX organised and managed by Borsa Italiana S.p.A. (**Euro TLX**)

Any such right of cancellation by the Dealer or any other entity acting as Dealer, shall be exercised in accordance with applicable laws, the terms and conditions of the Notes and the applicable rules of the relevant stock exchange(s) and markets, including as to notification.

Investors should therefore not assume that the Notes can be sold at a specific time or at a specific price during their life, and should assume that Notes may need to be held until maturity. The availability of any secondary market may be limited or non-existent and, if investors are able to sell the Notes, they may receive significantly less they would otherwise receive by holding the Notes up to their scheduled maturity."

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 87 of the Base Prospectus is deleted in its entirety and replaced as follows*:*

*"**Experts' reports***

No statement or report attributed to a person as an expert is included in this Base Prospectus, except for the reports of the external auditors of the Issuer who have audited the consolidated financial statements of the UniCredit Group and the financial statements of the Issuer as at 31 December 2022 and 31 December 2021 and who have carried out the review of the condensed interim consolidated financial statements of the UniCredit Group as at 30 June 2022 and 30 June 2023.

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

Documents Incorporated by Reference

Unaudited condensed interim consolidated financial statements (including review reports) of UniCredit in respect of the six months ended 30 June 2023 and 30 June 2022

On 25 July 2023, the UniCredit Board of Directors approved the unaudited condensed interim consolidated financial statements of UniCredit in respect of the six months ended 30 June 2023 (the **Consolidated First Half Financial Report as at 30 June 2023**) on which the external auditor issued a review report dated 4 August 2023 (the **Review Report**) and which have been published on 4 August 2023 and are available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2023/2Q23/Consolidated-First-Half-Financial-Report-as-at-30-June-2023.pdf

For comparative purposes, the Issuer wishes also to incorporate by reference the unaudited condensed interim consolidated financial statements of UniCredit in respect of the six months ended 30 June 2022 (the **Consolidated First Half Financial Report as at 30 June 2022**) on which the external auditors issued a review report dated 4 August 2022 (the **Review Report**) and which were published on 5 August 2022 and are available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2022/2Q22/Consolidated-First-Half-Financial-Report-as-at-30-June-2022.pdf.

The Consolidated First Half Financial Report as at 30 June 2023 and the Consolidated First Half Financial Report as at 30 June 2022 have been subject to review by KPMG S.p.A., UniCredit Group's external auditor for the 2022-2030 nine-year period.

A copy of each of the Consolidated First Half Financial Report as at 30 June 2023 and the Consolidated First Half Financial Report as at 30 June 2022 has been filed with the *Commission de Surveillance du Secteur Financier* (**CSSF**). Copies of this Supplement and all the sections identified in the table below incorporated by reference in the Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agents for the time being in London as described on page 386 of the Base Prospectus. Copies of this Supplement and all the sections identified in the table below incorporated by reference in the Base Prospectus will also be published on the website of UniCredit (*www.unicreditgroup.eu*), as well as on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

By virtue of this Supplement, the sections of the Consolidated First Half Financial Report as at 30 June 2023 and the Consolidated First Half Financial Report as at 30 June 2022 identified in the table below are incorporated by reference in, and form part of, Section "*Documents incorporated by reference*" on page 94 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.

Documents	**Information Incorporated**	**Page Reference**
Consolidated First Half Financial Report as at 30 June 2023	Consolidated Balance Sheet	59-60
	Consolidated Income Statement	61
	Consolidated Statement of Comprehensive Income	62

Documents	Information Incorporated	Page Reference
	Statement of Changes in the Consolidated Shareholders' Equity	63-64
	Consolidated Cash Flow Statement	65-66
	Explanatory Notes	69-228
	Certification	231
	Report of External Auditors	233-234
	Annexes	237-241
	Other Information – Subsequent Events	56

Documents	Information Incorporated	Page Reference
Consolidated First Half Financial Report as at 30 June 2022	Consolidated Balance Sheet	59-60
	Consolidated Income Statement	61
	Consolidated Statement of Comprehensive Income	62
	Statement of Changes in the Consolidated Shareholders' Equity	63-64
	Consolidated Cash Flow Statement	65-66
	Explanatory Notes	69-235
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	Report of External Auditors	239-240

Documents	Information Incorporated	Page Reference
	Annexes	243-247
	Other Information – Subsequent Events	56

Applicable Final Terms

- The item titled "*Business Day Convention*" in Part A of section "*Applicable Final Terms for Notes with a Denomination of less than €100,000*" at pages 105, 107 and 111 of the Base Prospectus is amended as follows, so that the following item set out below shall replace the corresponding item currently included in the Base Prospectus and the items not set out below shall remain unchanged:

"13. Fixed Rate Note Provisions:	(…)
(…)	(…)
(c) Business Day Convention:	[Modified Following Business Day Convention/Not Applicable] (*For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention*) (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"
"15. Floating Rate Rate Note Provisions:	(…)
(…)	(…)
(e) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable] (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"
"16. Inflation Linked Interest Note Provisions:	(…)
(…)	(…)
(h) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable] (*Note that this item adjusts the end date of each Interest Period (and, consequently, also adjusts the length of the Interest Period and*

	the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 9.7 (Payment Day) of the Terms and Conditions for the Notes in Global Form and Condition 9.4 (Payment Day) of the Terms and Conditions for the Dematerialised Notes.) (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"

- The item titled "*Business Day Convention*" in Part A of section "*Applicable Final Terms for Notes with a Denomination of at least €100,000*" at pages 130, 133 and 136 of the Base Prospectus, is amended as follows, so that the following item set out below shall replace the corresponding item currently included in the Base Prospectus and the items not set out below shall remain unchanged:

"13. Fixed Rate Note Provisions:	(…)
(…)	(…)
(c) Business Day Convention:	[Modified Following Business Day Convention/Not Applicable] (*For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention*) (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"

"15. Floating Rate Rate Note Provisions:	(…)
(…)	(…)
(e) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable] (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"
"16. Inflation Linked Interest Note Provisions:	(…)
(…)	(…)

(h) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable] (*Note that this item adjusts the end date of each Interest Period (and, consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 9.7 (Payment Day) of the Terms and Conditions for the Notes in Global Form and Condition 9.4 (Payment Day) of the Terms and Conditions for the Dematerialised Notes.)* (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"

- The item titled "*Additional Disruption Events*" in Part A of (i) section "*Applicable Final Terms for Notes with a Denomination of less than €100,000*" at page 112 of the Base Prospectus; and (ii) section "*Applicable Final Terms for Notes with a Denomination of at least €100,000*" at page 137 of the Base Prospectus, is deleted in its entirety and replaced by the following item:

"Additional Disruption Events:	[Change of Law] [Increased Cost of Hedging] [Hedging Disruption] [None] (*For Notes to be admitted to listing on MOT specify Increased Cost of Hedging and Hedging Disruption as not applicable*)"

- The item titled "*Listing and admission to trading*" in Part B of (i) section "*Applicable Final Terms for Notes with a Denomination of less than €100,000*" at page 117 of the Base Prospectus; and (ii) section "*Applicable Final Terms for Notes with a Denomination of at least €100,000*" at page 144 of the Base Prospectus, is deleted in its entirety and replaced by the following item:

"**LISTING AND ADMISSION TO TRADING:**	[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from [ ].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from [ ].] [Not Applicable.]

(*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading on the Luxembourg Stock Exchange's regulated market*)

[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be listed on the Electronic Bond Market organised and managed by Borsa Italiana S.p.A. (**MOT**)]

[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on EuroTLX organised and managed by Borsa Italiana S.p.A. (**Euro TLX**). [ ], will act as Liquidity Provider on Euro TLX.

[*Specify other for Notes listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer(s)*]"

- The item titled "*Offer Price*" in Part B of section "*Applicable Final Terms for Notes with a Denomination of less than €100,000*" at page 122 of the Base Prospectus is deleted in its entirety and replaced by the following item:

Offer Price:	[Issue Price/Not Applicable/*specify/give details*]

Applicable Pricing Supplement

- The item titled "*Business Day Convention*" in Part A of section "*Applicable Pricing Supplement*" at pages 152, 155 and 158 of the Base Prospectus, is amended as follows, so that the following item set out below shall replace the corresponding item currently included in the Base Prospectus and the items not set out below shall remain unchanged:

"14. Fixed Rate Note Provisions:	(…)
(…)	(…)
(c) Business Day Convention:	[Modified Following Business Day Convention/Not Applicable] (*For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention*) (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"
"16. Floating Rate Rate Note Provisions:	(…)
(…)	(…)
(e) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable] (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"
"18. Index Linked Interest Note:	(…)
(…)	(…)
(e) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*] [Not Applicable] (*For Notes to be admitted to listing on MOT or EuroTLX include adjusted or unadjusted)*"

- The item titled "*Listing*" in Part B of section "*Applicable Pricing Supplement*" at page 166 of the Base Prospectus is deleted in its entirety and replaced by the following item:

"**LISTING**	[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market - note this must not be an EEA regulated market or the London Stock Exchange's main market*] with effect from [ ].] [Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on EuroTLX organised and managed by Borsa Italiana S.p.A. (**Euro TLX**). [ ], will act as Liquidity Provider on Euro TLX.] [Not Applicable] [*Specify other for Notes listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer(s)*]"

Terms and Conditions for the Dematerialised Notes

- Condition 6 (*Interest*) at page 261 of the Base Prospectus is amended as follows, so that the following paragraph set out below shall replace the corresponding paragraph currently included in the Base Prospectus and the paragraphs not set out below shall remain unchanged:

"**(h) Notification of Rate of Interest and Interest Amounts**

This Condition 6.3(h) does not apply to Notes linked to SOFR.

Subject to Condition 6.4 (*Reference Rate Replacement*), the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to Monte Titoli, the Paying Agent for the Dematerialised Notes, the Luxembourg Stock Exchange, the Issuer and any stock exchange (or listing agent as the case may be) on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed at the latest (i) on the first Milan Business Day of each Interest Period; or (ii) two Milan Business Days prior to the first day of each Interest Period in the case of Notes to be admitted to be listed on the MOT or on Euro TLX and to be traded on an ex coupon basis (*corso secco*); or (iii) three Milan Business Days prior to the relevant Interest Payment Date in the case of Notes to be admitted to be listed on the MOT or on Euro TLX and to be traded on a cum-coupon basis (*tel quel*), and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth Milan Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange (or listing agent as the case may be) on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this Condition 6.3(h), the expression **Milan Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Milan."

- Condition 9 (*Payments*) at page 282 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:

"**9.6 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 11;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Exempt Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 10.8); and

(g) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11. Any reference in these Conditions to payment of any sums in respect of the Notes (including, in respect of Index Linked Notes and other structured Notes) shall be deemed to include, as applicable, delivery of any relevant Reference Asset (as defined in Condition 10.14 if so provided in the applicable Pricing Supplement and references to "paid" and "payable" shall be construed accordingly. For the avoidance of doubt and notwithstanding any other provisions of the Conditions or the applicable Final Terms, any provisions of the Conditions or the applicable Final Terms which allow the costs of unwinding, substituting, settling, re-establishing or incurring any hedging arrangements (howsoever described) or any amount that would have been incurred as such hedging costs had the relevant hedging arrangements been in place may not be (i) deducted from amounts payable or deliverable to Noteholders or (ii) taken into account in any adjustments or calculations made pursuant to the Conditions and references to such hedging costs will be deemed not to apply to the Notes."

- Condition 15 (*Notices*) at pages 297-298 of the Base Prospectus is deleted in its entirety and replaced as follows:

"**15. NOTICES**

For so long as the Notes are held through Monte Titoli, all notices regarding the Notes will be deemed to be validly given if published through the systems of Monte Titoli, and (if and for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange and for so long as the rules of the Luxembourg Stock Exchange so require) either on the website of the Luxembourg Stock Exchange (www.luxse.com) or in a daily newspaper of general circulation in Luxembourg. It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* or the *Tageblatt*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other stock exchange or other relevant authority on which the Issuer has made application for the Notes to be listed or admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Notices to be given by any Noteholder shall be in writing and given by lodging the same with the Paying Agent for the Dematerialised Notes.

All notices regarding Notes admitted to trading on MOT or on Euro TLX, shall be delivered to Borsa Italiana S.p.A. to be published in accordance with the rules of Borsa Italiana S.p.A. (if and for as so long as the rules of the exchange so require), guidelines and market practice."

Use of Proceeds

The "*Use of Proceeds*" section of the Base Prospectus, on page 310 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

a. for its general corporate purposes, which include making a profit; or

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

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

The Issuer has obtained a second-party opinion from an external environmental, social and corporate governance research and analysis provider to confirm the Issuer's Sustainability Bond Framework's alignment with the ICMA Green Bond Principles, the ICMA Social Bond Principles and the ICMA Sustainability Bond Guidelines and which, prior to the relevant Issue Date, will be available in the investor relations section of the Issuer's website at *https://www.unicreditgroup.eu* (the **Issuer's Sustainability Bond Framework Second-party Opinion**).

Eligible Projects/Green Projects and Eligible Projects/Social Projects have been (or will be, as the case may be) selected by the Issuer from time to time in accordance with the project evaluation and selection process set out in the Issuer's Sustainability Bond Framework, which may change from time to time. Recognising that the green, social and sustainable bond market and best practices are still evolving, the Issuer will strive to monitor market developments and, when deemed necessary in the Issuer's sole discretion, make appropriate updates to the Issuer's Sustainability Bond Framework in order to reflect best market practice.

Decisions relating to the choice and financing of Eligible Projects/Green Projects and Eligible Projects/Social Projects will be made by a specific panel of the Issuer comprising senior management representatives of products, business lines and competence lines, with the support of specific working groups of the Issuer composed of experts on social and environmental topics and of further business and competence lines representatives.

The allocation of proceeds from Green Bonds, Social Bonds and/or Sustainability Bonds will be managed and monitored by specific working groups of the Issuer according to the applicable specific Green Bonds, Social Bonds or Sustainability Bonds procedures, including the tracking of investments in selected eligible assets in a specific sustainability bond register.

The Issuer's Sustainability Bond Framework provides that any proceeds of Green Bonds, Social Bonds or Sustainability Bonds that are not yet allocated to Eligible Projects/Green Projects and Eligible Projects/Social Projects will be held in accordance with the Issuer's usual liquidity management policy (including treasury liquidity portfolio, cash, time deposit with banks or other form of available short term).

The Issuer will monitor the investments of the proceeds allocated to eligible assets through the review of external auditors.

The Issuer will make available a sustainability bond allocation report which will describe the use of proceeds and adherence to the green, social or sustainable terms set out in the Issuer's Sustainability Bond Framework and which will generally be available on the Issuer's website at *https://www.unicreditgroup.eu* for so long as the Issuer has Green Bonds, Social Bonds or Sustainability Bonds outstanding.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) (including the Issuer's Sustainability Bond Framework Second-party Opinion) which may be made available in connection with the issue of any Green Bonds, Social Bonds or Sustainability Bonds and in particular with any Eligible Projects/Green Projects and Eligible Projects/Social Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, neither any such opinion or certification (including the Issuer's Sustainability Bond Framework Second-party Opinion) nor the Issuer's Sustainability Bond Framework are, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Neither such opinion or certification (including the Issuer's Sustainability Bond Framework Second-party Opinion) nor the Issuer's Sustainability Bond Framework are, nor should be deemed to be, a recommendation by the Issuer or any of the Dealers or any other person to buy, sell or hold any such Green Bonds, Social Bonds or Sustainability Bonds. Any such opinion or certification (including the Issuer's Sustainability Bond Framework Second-party Opinion) is only current as at the date that opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification (including the Issuer's Sustainability Bond Framework Second-party Opinion) and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Green Bonds, Social Bonds or Sustainability Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors in any Green Bonds, Social Bonds or Sustainability Bonds should also refer to the risk factor above headed "*Notes issued, if any, as "Green Bonds", "Social Bonds", or "Sustainability Bonds" may not be a suitable investment for all investors seeking exposure to green assets or social assets or sustainable assets*".

For the purposes of this section:

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

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

Description of UniCredit and the UniCredit Group

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

- The following sub-paragraphs are inserted at the end of the paragraph titled "*Recent Developments*" in the "*History and Development of the Issuer*" section on page 312 of the Base Prospectus:

"**Recent Developments**

- (…)

- On 28 July 2023, UniCredit S.p.A. noted the publication of the 2023 EU-wide stress test results conducted by the EBA, in cooperation with the SSM, the ECB, and the ESRB.

  The 2023 EU-wide stress test does not contain a pass/fail threshold and instead is 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 based on a static balance sheet assumption as of December 2022 and therefore does not take into account future business strategy and management actions. It is not a forecast of UniCredit profits.

  Despite the more severe stressed scenario applied this year, UniCredit's capital depletion is meaningfully lower than for the 2021 EU-wide stress test result thanks to a much stronger starting point based on a significant improvement in capital generation, sound asset quality and prudent overlays. This positions UniCredit well for potential macroeconomic shocks.

  UniCredit's results are summarized below:

– baseline scenario:

  - 2025 fully loaded CET1r at 19.97% corresponding to 397 bps higher than fully loaded CET1r as of December 2022

  - 2025 transitional CET1r at 19.97% corresponding to 329 bps higher than transitional CET1r as of December 2022

– adverse scenario:

  - 2025 fully loaded CET1r at 12.51% corresponding to 349 bps lower than fully loaded CET1r as of December 2022

  - 2025 transitional CET1r at 12.51%, corresponding to 417 bps lower than transitional CET1r as of December 2022.

  UniCredit 2025 capital level landing point is the highest of its peers thanks to its strong capitalisation. As a reminder, the 2Q 2023 fully loaded CET1r is at 16.64% (transitional CET1r at 16.94%).

  This year for the first time EBA published an additional disclosure template on bond holdings held at amortised cost. This template does not include the impact of hedges at portfolio level, for UniCredit equal to EUR 1.8 billion as of December 2022 and EUR 1.9 billion as of February

2023. When considering these, the differences between the carrying amount and the fair value are equal to EUR 1.5 billion and EUR 1.2 billion respectively, significantly lower than the disclosed amounts in the EBA template, confirming our prudent hedging approach to the interest rate risk of the investment portfolio.

- On 1 August 2023, UniCredit S.p.A. announced that the Board of Directors of UniCredit, in its meeting held on 31 July 2023, resolved to adopt the one-tier governance system in lieu of the traditional one.

  After having highlighted that the traditional system of UniCredit proved to be overtime efficient, the Board of Directors assessed the transition to a one-tier system as it further enhances the quality of the current governance, ensuring a greater effectiveness of controls through the integration of the control body within the Board, which would fully appreciate the inputs of the members of the control body through their direct participation in decision-making processes of the Board.

  Such governance system was also deemed corresponding to the systems largely adopted abroad.

  The one-tier governance system is characterized by the presence of a Board of Directors, which performs the strategic supervision and management function, and an Audit Committee - established within the Board - which performs control functions.

  The Board of Directors therefore resolved to submit to the approval of the Shareholders' Meeting the consequent amendments to the Articles of Association and initiate the procedures to receive the necessary authorizations by competent authorities. The documentation containing the description of the amendments above will be made available to the Shareholders within the deadlines provided by applicable rules."

- 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 312-326 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. 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**). 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 schemes adopted by the SRB.

In such a context, it is worth mentioning that on 18 April 2023, the European Commission published a legislative proposal on the Crisis Management and Deposits Insurance (**CMDI**) framework. The package consists of four legislative proposals that would amend existing EU legislation: the BRRD, the Deposit Guarantee Scheme Directive (**DGSD**) and the SRMR. New aspects of the framework could include: i) expanding the scope of resolution through a revision of the public interest assessment to include a regional impact so more eurozone banks could be brought into the resolution framework, ii) the use of deposit guarantee schemes to help banks, especially the small ones, to meet a key threshold for bearing losses of 8% of their own funds and liabilities, which then allows them to have access to the Single Resolution Fund, also funded by bank contributions, and help sell the problem banks' assets and fund their exit from the market, iii) amending the hierarchy of claims in insolvency and scrapping the "super-preference" of the DGS to put all deposits on equal pegging in an insolvency, but still above ordinary unsecured creditors with the aim of enabling the use of DGS funds in measures other than pay out of covered deposits without violating the least cost test. The proposal will need to be agreed by the Member States and the European Parliament, a process which could take one year if they aim to finalise it before the current European Commission's mandate ends in spring 2024.

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. The 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, 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.

The European Commission, published on 27 October 2021 the Banking Package 2021, which includes the proposals for the final implementation of Basel 3 in the European Union through a legislative package introducing amendments to Capital Requirements Regulation 2013/575/EU (CRR), to the Directive 2013/36/UE (Capital Requirements Directive), and also a proposal to amend the Capital Requirements Regulation in the area of resolution (the so-called "daisy chain" proposal). In June 2023, the EU Council and the European Parliament found a provisional agreement on the revisions to the Commission proposal. In line with the Basel standards, the EU Co-legislators agreed in restricting the usage of internal models for measuring credit risk on some specific portfolios and to return to a more stringent standardised approach as well as to eliminate internal models for operational risks. They also agreed to introduce the output floor, applied at "solo" level. The agreement shows that the Co-Legislators have taken into account some important European specificities that could mitigate the impact on the sector. In addition to the implementation of the Basel standards, part of the legislative package also aims to strengthen the resilience of the banking sector to environmental, social and governance (ESG) risks and to improve the Fit and Proper assessment framework. Few technical details still need to be discussed before finding a final agreement. The Commission's aim is to publish the package by year-end (entry into force 20 days after the publication in the Official Journal), though it remains to be monitored the evolution of the technical discussions (in case of clashes entry into force could slip to beginning 2024).

The CRRIII will enter into force 20 days after publication; some provisions will be applicable as from such date. The majority of the CRRIII provisions will be applied starting from 1 January 2025, with certain elements of the Regulation phasing in over the years. Member States shall adopt and publish the CRDVI measures by 18 months from the date of entry into force 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.

As of the date of this Base Prospectus, the Bank of Italy has not exercised so far its authority to introduce a SyRB or a borrower-based measure.

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 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.

<u>Measures to counter the impact of the Russia-Ukraine conflict</u>

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 (24th 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 31/03/2023 and invoiced by 31/12/2023 (exceeding the average amount recorded between 1/01/2021 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 is 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).

<u>Other measures to support the economy</u>

In February 2023 the Council of Ministers approved the Law Decree 16 February n. 11, converted into Law 11 April 2023 n. 38 (the **"Superbonus – Crediti Fiscali" Decree**) which introduces urgent measures on tax credit assignment (provided for in art. 121 Decree Law 19 May 2020, n. 34).

Below the main measures of interest contained in the decree:

- prohibition of 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 (with some exceptions).

- 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).

- possibility of using in 10 equal annual instalments (at the request of the supplier or transferee) the tax credits (superbonus and other building bonuses) deriving from the communications sent to the ADE by 31 March 2023. For the Superbonus expenses incurred in 2022, the deduction can be divided, at the request of the taxpayer, into 10 equal annual instalments starting from the 2023 tax period.

- possibility for banks, financial intermediaries, and insurance companies (with no more tax capacity) to use the Superbonus tax credits purchased to subscribe to BTPs, with a duration of at least 10 years, within the limit of 10% of the annual quota exceeding the tax credits already compensated. This solution is limited to credits relating to interventions carried out up to 31 December 2022, and will be adoptable by BTP issues carried out starting from 1 January 2028.

- possibility of making the communication for the exercise of the option in the manner and within the terms of the so-called "remissione in bonis" (by 30 November 2023 with a fine of Euro 250), if the transfer contract has not been concluded by 31 March 2023 and the transfer is carried out in favour of banks, financial intermediaries or companies belonging to a banking group.

- extension of the exclusion ex lege from joint liability between the transferor and transferee to all transferees (not only current account holders), who purchase tax credits from a bank or from a company of a banking group which have to issue a statement concerning the possession of credit verification documents.

Following the flood occurred in Emilia Romagna, the civil protection issued an ordinance which provides for the possibility of requesting the suspension of mortgage installments relating to evicted or uninhabitable buildings, or to the management of commercial and economic activities, including agricultural, carried out in the same buildings (in any case no later than the date of cessation of the state of emergency)

The Government also intervened, approving an "Alluvioni" decree law (DL 1 June 2023, n. 61) containing several urgent measures to deal with the emergency. Among the measures contained in the Decree Law:

- Moratorium on mortgages and loans of any kind from 1 May 2023 to 30 June 2023 in favor of businesses located in the area affected by the flood. The moratorium operates automatically without a request from the debtor;

- FCG guarantee granted, until 31 December 2023, free of charge and up to 80% in the case of direct guarantee (which can be raised up to 90%, in compliance with the provisions of the TF) and 90% in the case of reinsurance (which can be raised up to 100%, in accordance with the provisions of the TF).

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 criteria for 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 – were adopted by the EC in June 2023 and are subject to a four-month scrutiny period by the EU Parliament and Council. These criteria are expected to apply as of January 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 are applicable from 1 January 2023.

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

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 are 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 2023 and 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 quality 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.Under the provisional agreement reached by the Parliament and the Council on 23 May 2023 on the ESAP proposal, the ESAP platform is expected to be available from 3Q2027 and gradually phased in to allow for a robust implementation.

On 23 February 2022, the Commission published a legislative proposal on Corporate Sustainability Due Diligence which creates a new obligation of due diligence mandating the management of companies to prevent, end or mitigate negative impacts on human rights and the environment stemming from a company's own operations, its subsidiaries and their value chains. It applies to all industries and companies of a certain size, including from the financial sector. The Directive specifies that financial institutions will have to identify such possible adverse impacts for their subsidiaries and their clients’ receiving loans, credit and other financial services (with the exclusion of households and SMEs) and only before providing that service. The scope of the value chain for financial institutions is limited to their direct clients. The proposal requires Member States to lay down a civil liability framework in case of non-compliance by companies with due diligence obligations. The Directive introduces duties for directors to set up and oversee the implementation of due diligence processes and integrate due diligence into the official corporate strategy. As part of the duty to act in the best interest of the company, directors will have to take into account the human rights, climate change and environmental impacts of business activities (duty of care). The proposal is currently under negotiation by co-legislators.

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 were adopted by the EC and are applicable as of January 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 end of 3Q2023 and the Commission is mandated to issue delegated acts for their application.

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 May 2023, the Regulation on markets in crypto-assets (the so-called **MiCAR**) was published in the Official Journal. MiCAR entered into force on 29 June 2023 and most of its provisions will be enforceable from June 2024 or December 2024. The main scope of the MiCAR is 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 asset-reference token and e-money token (the so-called global "stablecoins") will be subject to stricter requirements (e.g., in terms of capital, investor rights and supervision). . The

Commission also proposed a Regulation on a pilot regime for market infrastructures based on distributed ledger technology (DLT) (the **DLT Regulation**), which allows temporary derogations from existing rules, for market infrastructures interested in trading and settling transactions in financial instruments in crypto-asset form. The DLT Regulation entered into force in June 2022, with most of its provisions applicable from 23 March 2023. The DLT Regulation has been fully transposed into Italy by Law Decree no. 25 of 17 March 2023, converted into Law no. 52 of 10 May 2023, which also sets forth provisions aimed at allowing the issuance and transfer of financial instruments in a digital form. 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.

- In October 2022, the European Commission adopted a legislative proposal to make instant payments in euro available to all citizens and businesses holding a bank account in the EU and in EEA countries. The proposal would oblige all credit institutions to offer (and receive) instant payments to all their customers through all channels (digital and traditional), already offered for SEPA Credit Transfer (SCT). Moreover, the price of an instant payment transaction should be aligned to the one of a regular credit transfer. All Payment Service Providers (PSPs) offering the service of sending euro IPs (Instant Payments) are required to check that the payee's IBAN matches the payee's name and must notify the customer of any detected discrepancy. EU Council and Parliament have adopted their respective revisions to the Commission text and soon they will start the negotiations for reaching a final agreement and concluding the legislative process. Entry into force is expected by end 2023 or beginning 2024, Application is foreseen after several months, depending on the single provision.

- 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), on 28 June 2023, the EC published a legislative proposal for a **broader open finance framework**. The proposal aims at establishing clear rights and obligations to manage customer data sharing in the financial sector beyond payment accounts: mortgages, loans, savings, investment, insurance and pensions. The legislative proposal foresees clear obligations for financial institutions (data holders) upon a request from customer to make their data available to customer without under delay, free of charge and in real-time. Additionally, banks have the obligation to make the customer data available also to other data users in a standardised way and subject to a compensation regime.

- 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 2028. The Commission launched a legislative proposal on the topic in June 2023. The legislative initiative addresses key issues such as disintermediation of banks and financial stability risks.

OTHER RECENT SECURITIES MARKETS RELATED REGULATIONS

On 25 November 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). Regulation (EU) 2023/606 (the so-called ELTIFs II Regulation), specifically aimed at amending the ELTIFs Regulation as to the requirements pertaining to investment policies and operating conditions of ELTIFs, the scope of eligible investment assets, the portfolio composition, the diversification requirements and the borrowing of cash and other fund rules, was published in the Official Journal of the EU on 20 March 2023. The ELTIFs II Regulation entered into force on 9 April 2023, with most of its provisions that will apply from 10 January 2024. 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. On 30 June 2023, the European Commission, the European Parliament and the Council reached a provisional agreement on this legislative proposal. The new rules amending the MiFIR are expected to apply from 1 January 2024, with certain elements of the regulation phasing in over the coming years.

In May 2023, the European Commission published its Retail Investment Strategy (RIS) legislative package with the aim of ensuring that the legal framework for retail investments sufficiently empowers consumers, encourages improved and fairer market outcomes and ultimately creates the necessary conditions to grow retail investor participation in capital markets. The Package consists of: i) an Omnibus Directive amending the Directive on markets in financial instruments (MiFID II), Directive on insurance distribution (IDD), Solvency II Directive, Directive on Undertakings for collective investment in transferable securities (UCITS), Directive on Alternative Investment Fund Managers (AIFMD); ii) a Regulation amending PRIIPs (Regulation on key information documents for packaged retail and insurance-based investment products). In particular the package i) introduces a partial ban on inducements paid from manufacturers to distributors in relation to the reception and transmission of orders, or the execution of orders to or on behalf of retail clients (where no advice relationship exists between the investment firm and the client); ii) Value for Money (VfM): amends product oversight and governance rules to ensure that undue costs are not charged and that products deliver Value for Money to retail investors, with specific comparability tools (benchmarks); iii) obliges firms, to act in accordance with the best interest of their clients and customers, by introducing a new test with clear criteria which will be applied both in MiFID and IDD; iv) introduces revisions to the suitability and appropriateness assessment v) foresees the standardization of information on costs and charges, with a greater degree of detail.

On 7 December 2022, the Commission published its proposal to further review the European Market Infrastructure Regulation (also known as EMIR 3.0) 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 326-327 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.1.6 <u>Credit ratings</u>

As at 4 August 2023, UniCredit has been rated as follows:

Rating Agencies	Short Term Counterparty Credit Rating	Long Term Counterparty Credit Rating	Outlook	Last update
Fitch	F2[(1)]	BBB[(2)]	stable[(3)]	29 November 2022
S&P	A-2[(4)]	BBB[(5)]	stable[(6)]	21 April 2023
Moody's	P-2[(7)]	Baa1[(8)]	negative [(9)]	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 "*Description of the expected financing of the Issuer's activities*" on page 327 of the Base Prospectus shall be deleted in its entirety and replaced as follows:

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

As at 30 June 2023, the loans to deposits ratio (**LDR**), a ratio between the customer loans and deposits, excluding the repo activity, is equal to 89.6% per cent. Such ratio worsens compared to 31 December 2022, equal to 87.9 per cent, mainly driven by the reduction of customer deposits.

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 March 2023, the liquidity buffer[11] is equal to Euro 187.8 billion (Euro 190.3 billion at 31 December 2022).

As at 30 June 2023, the TLTRO participations of the Group is equal to Euro 12.6 billion."

- 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 328 of the Base Prospectus is deleted in its entirety and replaced as follows:

"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);

[11] Average of 12 months, consistently with Pillar 3 disclosure.

- 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[12]).

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 is 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 sub-paragraph "*Names, business addresses and functions of the members of the Board of Directors and Board of Statutory Auditors and an indication of the principal activities performed by them outside of the Issuer where these are significant with respect to the Issuer*" of the paragraph titled "*Administrative, management and supervisory bodies*" on pages 332-338 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

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

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

Name	**Position**
Pietro Carlo Padoan[1-2-3]	Chairman
Lamberto Andreotti[1-2-3]	Deputy Vice Chairman
Andrea Orcel	Chief Executive Officer*
Vincenzo Cariello[1-2-3]	Director

[12] Includes the local bank and legal entities, plus the cross-border exposure booked in UniCredit S.p.A.

Elena Carletti[1-2-3]	Director
Jeffrey Alan Hedberg[1-2-3]	Director
Beatriz Lara Bartolomé[1-2-3]	Director
Luca Molinari[1-2-3]	Director
Maria Pierdicchi[1-2-3]	Director
Francesca Tondi[1-2-3]	Director
Renate Wagner[1-2]	Director
Alexander Wolfgring[1]	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
- Member of the Scientific Council of LUISS Institute for European Analysis and Policy (LEAP)
- Senior Scientific Advisor of Master LUISS Energy and Sustainability
- 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, Chairman of Related Parties Committee, member of ESG and Rapporto con i Territori Committee of A2A S.p.A.
- Member of Collegio dei Docenti del Dottorato di Ricerca in Impresa, Lavoro, Società - Cattolica University

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
- Director of Center for Economic Policy & Research
- Research Professor, Bundesbank
- Scientific Director, European University Institute, Florence School of Banking and Finance (FBF)
- 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 Board of Directors 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

- 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
- Chairperson of the Board of Directors of Allianz (China) Insurance Holding Company Ltd
- Non-executive Director of Allianz Australia Ltd
- Non-executive Director of Bajaj Allianz General Insurance Co. Ltd
- Non-executive Director of Bajaj Allianz Life Insurance Ltd

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 substitute 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:

Name	**Position**
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 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 the Board of Directors of Italgas S.p.A.
- Member of the Board of Directors of Cementir Holding N.V.
- 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 I'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 Sanmarinese 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

- Chairwoman of the Board of Statutory Auditors of Enel Erre S.p.A.
- Chairwoman of the Board of Statutory Auditors of Italferr 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."

- The sub-paragraph "*Legal and arbitration proceedings*" of the paragraph titled "*Legal and arbitration proceedings*" on pages 339-348 of the Base Prospectus is deleted in its entirety and replaced as follows:

"**6.1 Legal and arbitration proceedings**

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

As at 30 June 2023, the Companies were named as defendants in 50,371 legal proceedings, of which 7,578 involving the Parent Company UniCredit S.p.A. (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group Companies).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 30 June 2023, the UniCredit Group set aside a provision for risks and charges of Euro 588.82 million, of which Euro 274.1 million for the parent company UniCredit S.p.A.. As of 30 June 2023, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 8 billion, of which approximately Euro 5.8 billion for the proceedings involving the parent company UniCredit S.p.A. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

In a greater detail, it mainly deals with:

Madoff

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

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

As at 30 June 2023, 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, two contentious proceedings in which plaintiffs claim damages are still pending, involving however only insignificant amounts in dispute.

Fino Arbitration proceedings

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.

In March 2023, Fino 2 Securitization S.r.l. (**Fino 2**) also commenced an ICC arbitration seeking damages in relation to another transfer agreement for the sale of receivables also 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. UCB AG reached a settlement with the plaintiffs and the putative class in May 2023, and the court preliminarily approved that settlement on 16 May 2023. The court will consider final approval of the settlement at a hearing scheduled for 5 January 2024.

Proceedings related to claims for Withholding Tax Credits

On 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigations 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, UCB AG was informed by the Cologne Prosecutor 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 2022 and 17 November 2022, the BGH confirmed two criminal judgements in other cum/ex cases of the Regional Court of Bonn, thus further solidifying its case law. UCB AG is monitoring the development.

In June 2023, 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 still remains to be clarified whether, and under which circumstances, tax credits can be obtained or taxes refunded with regard to different types of cum/cum transactions. Some of the taxes credited from the cum/cum transactions are currently not recognized for tax purposes by the tax audit. UCB AG reserves the right to appeal against the tax authorities' view. Moreover, with respect to cum/cum transactions in which the counterparty of UCB AG claimed tax credits in the past, it cannot be ruled out that UCB AG might be exposed to third party claims under civil law.

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 30 June 2023 (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 954 million, 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 355 million, mediations included) and the German market (for which the claimed amount against UCB AG was Euro 26 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around Euro 207 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 Zagrebacka banka d.d. (**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. Statute of limitation for filing individual lawsuits in respect of the invalidity of the Swiss franc currency clause expired on 14 June 2023.

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.

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.

In the proceedings, the expert appointed by the Court in the majority of the civil proceedings had issued a report largely in favour of UCB Austria and the other issuing banks. Investors had a different reading of the report and requested that the expert answers supplementary questions, as did the issuing banks. The expert's responses to the supplementary questions have meanwhile become available and leave the main findings of the original report essentially unchanged. First-instance decisions are awaited.

In addition to the ongoing proceedings against UCB Austria stemming from the Alpine insolvency, further 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 Hercegovina.

On 30 December 2021, the first instance court adopted most of Bitminer's claims and ordered UCBL to pay damages in the amount of BAM 256,326,152 (approx. Euro 131.2 million) (the **Judgment**). The appeal was filed in January 2022. On 18 April 2023, the High Commercial Court reversed the Judgment in its entirety, and issued a final, binding, and enforceable second instance judgement (the **Second-Instance Judgment**). The second instance court established that Bitminer's claim is unfounded and that UCBL is not liable for any damages. Bitminer duly filed a revision, an extraordinary legal remedy, to the Supreme Court of the Republic of Srpska. The revision proceedings do not suspend or otherwise affect the finality and enforceability of the Second-Instance Judgement.

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, in the course of the appeal, the parties reached a settlement, following which the case was definitively discontinued, also after the intervention by Mrs Beatrice Libernini, Mr Bolici's business partner, was declared inadmissible.

On 31 July 2020, Mrs Libernini 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.

In February 2023, Mr Bolici and Mrs Libernini commenced new proceedings before the Court of Rome, in which, recalling most of the claims already put forward by both of them and identifying the

Bank as the main architect of the Group's financial collapse, they claim further damages for various reasons, invoking new allegations whose merits are currently being assessed.

Giovanni Lombardi Stronati

In June 2023 Mr Giovanni Lombardi Stronati commenced proceedings before the Court of Rome seeking a declaration that the Bank is contractually liable for having ordered the sale of securities in his name, which had been seized in the context of criminal proceedings in which he was charged and then acquitted for embezzlement and fraudulent bankruptcy. The claim amounts to Euro 420 million and is based on allegations whose merits are currently being assessed.

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. 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 brought against UniCredit S.p.A. by members of the former Cassa di Risparmio di Roma Fund aimed to reconstitute the patrimony of the fund, ascertain and quantify social security individual position of each member. Claims' value is about €384 million. The litigation is now pending before the Supreme Court after two degrees decisions favorable to the Bank. No provision has been made as these claims are considered groundless.

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 was sent back to Prosecution Office of Milan in relation to the charges of fraud against the individuals. The decisions by the new prosecutor assigned to the file are awaited.

As far as the customer care initiative is concerned, at 30 June 2023, UniCredit received reimbursement requests for a total amount of about Euro 414.5 million (cost originally incurred by the Clients) from No. 12,439 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalization of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur; with reference to the scope outlined above (Euro 414.5 million), UniCredit reimbursed No. 11,993 customers for about Euro 406 million (equivalent value of original purchases), equal to about 98 per cent of the reimbursement requests said above.

Proceeedings related to Tax matters

Pending cases arising during the period

Unicredit S.p.A., as the acquirer of PIONEER GLOBAL ASSET MANAGEMENT S.p.A., started a litigation following a tacit reject to grant an IRAP refund on dividends in respect of the 2014 tax year (value €2.6 million). The action was registered on 9 March 2023 before the Court of Tax Justice in Milan. The hearing on the case is pending.

Updates on pending disputes and tax audits

With reference to 30 June 2023, the following information are reported.

- 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 Court of Tax Justice of Sicily on 10 March 2022. On 14 April 2023, the Court of Tax Justice of Sicily has postponed the cause to new role.

- The dispute was 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). On 16 May 2022, the Bank filed an appeal against the unfavorable decision of the Court of Tax Justice Milano. The date of the hearing is pending.

- The dispute started by former Cassa di Risparmio di Torino (now UniCredit S.p.A.) against the tacit-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 Court of Tax Justice of Piemonte; The hearing was held on 11 July 2023. The judgment is pending.

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 0.36 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: Pending the date of the hearing to the Supreme Court;

- 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 was dealt with before the Lazio Court of Tax Justice on 27 June 2023. The ruling in favor of the Bank was filed on 3 July 2023. The deadline for appeal by the Supreme Court is pending;

- 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 was discussed before the Court of Tax Justice of Lazio on 20 June 2023, the judgment was suspended pending the decision of the Supreme Court on the applicable rules and their interpretation;
- 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. The sentence has not yet been filed; and

- Banca di Roma S.p.A.'s credit: refund IRPEG fiscal year 1997: total value Euro 43.45 million (Euro 28.69 million for tax capital and Euro 14.76 million for interest). By judgment lodged on 31 March 2023, the Court of Tax Justice of Lazio rejected the bank's appeal. UniCredit will proceed, by the end of July 2023, with the appeal against the judgment.

No tax audits are in progress.

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 Base Prospectus 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."

General Information

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

- The paragraph "*Approval, listing and admission to trading*" on page 378 of the Base Prospectus is deleted in its entirety and replaced as follows:

"Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree. In particular application may also be made for the Notes to be listed on the Electronic Bond Market organised and managed by Borsa Italiana S.p.A. (**MOT**). Application may also be made for the Notes to be admitted to trading on the Euro TLX, the multilateral trading facility organised and managed by Borsa Italiana S.p.A. (**Euro TLX**)."

- The paragraph "*Significant or material adverse change*" on page 380 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

Except for the potential impact of the Russia/Ukraine conflict and related spill-over effect 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 geopolitical tensions*", 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 30 June 2023 to the date of this Base Prospectus.

Significant change in the Issuer's financial position

Except for the potential impact of the Russia/Ukraine conflict and related spill-over effect 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 geopolitical tensions*", there has been no significant changes in the financial position of the Group which has occurred since 30 June 2023."

- The paragraph "*Trend information*" on page 380 of the Base Prospectus is deleted in its entirety and replaced as follows:

"*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 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 geopolitical tensions"*, the Issuer is not aware about 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 "*External Auditors*" on pages 380-381 of the Base Prospectus is deleted in its entirety and replaced as follows:

"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, in the financial statements of the Issuer for the year ended on 31 December 2022 and 31 December 2021 and in the interim consolidated financial statements ended on 30 June 2022 and 30 June 2023, no other financial information has been verified by the auditors.

KPMG 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 2021 and 2022."

General

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

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

Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus can be obtained free of charge from the office of the Issuer and from the specified office of the Paying Agents for the time being in London as described on page 343 of the Base Prospectus. Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus will also be published on the website of UniCredit (*www.unicreditgroup.eu*), as well as on the website of the Luxembourg Stock Exchange (*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 9 August 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.