



**FOURTH SUPPLEMENT DATED 16 APRIL 2024**

**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)

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

This supplement (the **Supplement**) to the base prospectus dated 10 May 2023, as supplemented by the first supplement dated 4 August 2023, the second supplement dated 30 October 2023 and the third supplement dated 9 February 2024 (the **Base Prospectus**), constitutes a supplement for the purposes of Article 23(1) of the Prospectus Regulation and is prepared in connection with the Euro 60,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by UniCredit S.p.A. (**UniCredit** or the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

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

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

**Purpose of the Supplement**

The purpose of the submission of this Supplement is to update the following sections of the Base Prospectus: (i) “*Risk Factors*”; (ii) “*Responsibility Statement, Third Party Information and Experts’ Reports*”; (iii) “*Documents Incorporated by Reference*” to incorporate by reference the 2023 UniCredit Annual Report and Accounts, as defined below; (iv) “*Description of UniCredit and the UniCredit Group*”; and (v) “*General Information*”.

## **Risk Factors**

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

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

### “1.1.1. *Risks associated with the impact of current macroeconomic uncertainties and the effects of the geopolitical tensions*”

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 tensions, not only in Russia, pushed up inflationary pressures and could continue to unfold increasing uncertainty for the Euro area economy, with potential impact on the performance of the Group. The Russia-Ukraine crisis 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. From mid-2022, as inflation builds up due to the increase in energy price and the supply disruptions, ECB changed 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, 400 bps in September) and market repriced interest rate expectations accordingly. Despite subsequently inflation started to record a declining path, the outlook is still surrounded by risks, further tensions on commodity / energy prices cannot be excluded as well as an upsurge in the ongoing Russia-Ukraine conflict and / or an intensification of the tensions in the Middle East. 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 (**CoR**), 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 71.0 per cent Y/Y to Euro 548 million in FY23. Therefore, the cost of risk decreased by 29 bps Y/Y to 12 bps in FY23.

Total revenues stood at Euro 6.0 billion in 4Q23, up 0.2% Q/Q, driven by NII at Euro 3.6 billion (+0.3% Q/Q) and fees at Euro 1.8 billion (+1.3% Q/Q). Total revenues were up 4.6% Y/Y, mainly driven by NII (+5.7% Y/Y), partially offset by trading (-15.7% Y/Y) and fees (-0.6% Y/Y). As at FY23 total revenues stood at Euro 23.8 billion, up 17.3% compared to FY22.

In details:

- NII stood at Euro 3.6 billion in 4Q23, up 0.3% Q/Q, and up 5.7% Y/Y both driven by higher customer loan rates, together with better results in the investment portfolio thanks to higher market rates and partially offset by the negative effects of higher rates on deposits and term funding. As at FY23 NII stood at Euro 14 billion, up 31.3% compared to FY22.

- Fees stood at Euro 1.8 billion in 4Q23, up 1.3% Q/Q mainly thanks to higher financing fees in Italy and down 0.6% Y/Y entirely due to the impact of the current account fees reduction in Italy which started in April 2023 and larger securitisation costs. Net of these effects fees were up 3.5% Y/Y. As at FY23 Fees stood at Euro 7.5 billion, down by 2.1% compared to FY22.
- Trading income stood at Euro 360 m in 4Q23, down 27.9% Q/Q and down 15.7% Y/Y, impacted by volatility on market movements and lower client demand on FX and Rates derivatives in Italy and Client Risk Management activities in Germany. As at FY23 Trading Income stood at Euro 1.8 billion, up 3.8% compared to FY22.

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 consolidated Financial Statements of UniCredit as at 31 December 2023.

As recently highlighted by ECB (in March 2024), economic growth is expected to gradually pick up during 2024 as real disposable income rises, amid declining inflation and robust wage growth, and as the terms of trade improve. Export growth is expected to catch up with strengthening foreign demand. Over the medium term the recovery is assumed to also be supported by the gradual fading of the impact from the ECB's monetary policy tightening. But, compared with the December 2023 projections, the outlook for GDP growth has been revised down for 2024 (to 0.6% y/y), owing to carry-over effects from past negative data surprises and weaker incoming forward-looking information. Inflation is projected to moderate further owing to the ongoing easing of pipeline pressures and the impact of monetary policy tightening, albeit at a more modest pace than seen in 2023.

The world is still in a volatile and challenging period: economic, geopolitical, and ecological changes all impact the global outlook. Inflation, restrictive monetary policies in most regions, an upsurge in the ongoing Russia-Ukraine conflict and/or in the Middle East, further tensions on commodity/energy prices, weaker global trade and renewed supply shortages, all could weigh heavily on the outlook. Tight financing conditions, mainly owing to the higher interest rates and partly also related to credit supply restrictions, are expected to continue to dampen demand. Together with the gradual withdrawal of fiscal support as well as low underlying productivity growth, this will weigh on economic growth in the short/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 conflicts with related spill over effects (e.g. on global trade, energy and commodities supply and prices).

In the context of persisting uncertainty explained above and considering the mentioned ESMA communication, UniCredit Group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes related to the 2023 Consolidated financial statements. In particular, in addition to the "Base" scenario, which reflects the expectations considered most likely concerning macro-economic trends, an "Alternative" scenario was outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). These scenarios are used for the deferred tax assets (DTA) sustainability test and for LLP calculation.

For further information in relation to macroeconomic scenario adopted for the evaluation of the credit exposures and for the Deferred Tax Assets (DTAs) sustainability test please see the consolidated Financial Report as at 31 December 2023: Notes to the consolidated accounts - Part A Accounting policies – A1 General – Section 2 General preparation criteria.

On 9 December 2021 UniCredit presented to the financial community 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/resurgence of the COVID-19 pandemic, situations that UniCredit has been monitoring closely<sup>1</sup>.

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*”.

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 Issuer 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<sup>2</sup> with materially increased and growing shareholder distributions<sup>3</sup>, consisting in cash dividends and share buybacks, while maintaining a robust CET1 ratio.

Although the Plan is based primarily through management actions, thanks to its geographical positioning UniCredit assumed the following at the time of disclosure of the Plan: (i) a conservative interest rate scenario based on a broadly stable Euribor 3 month rate over the 3 years of the MYP; (ii)

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<sup>1</sup> 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.

<sup>2</sup> Organic capital generation means CET1 evolution deriving from (i) stated net profit excluding DTA from tax loss carry forward contribution and (ii) RWA dynamic net of regulatory headwinds.

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

the combination of its countries was expected to deliver GDP growth<sup>4</sup> above the eurozone average over the course of the Plan, helped by its Central and Eastern European positioning; (iii) Central and Eastern Europe loan growth was expected at a multiple of GDP due to the relatively low maturity of the market; (iv) UC countries had theoretical access to approximately 50 per cent of the overall fund disbursement of the Recovery and Resilience Fund allocation.

The macro assumptions underlying the Strategic Plan disclosed in December 2021 excluded unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening/resurge of the COVID-19 pandemic, situations that UniCredit has been monitoring closely<sup>1</sup>.

The Plan is based on six pillars:

- **Optimise:** improving operational and capital efficiency, with gross cost savings, considering also Digital & Data, and a contribution to CET1 ratio from active portfolio management; expect RWA to decrease over the course of the Plan as active portfolio management more than offsets impact of organic growth and expected regulatory headwinds and thanks to additional risk and business levers;
- **Invest:** cash investments in Digital & Data, new hires in Business and Digital & Data, targeted growth initiatives including ESG; 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 the optimisation UniCredit is undertaking, and the underlying focus on quality growth;
- **Return:** increasing in 2024;
- **Strengthen:** maintain solidity thanks to revised CET1 ratio target, decrease in gross NPE ratio and stable net NPE ratio in 2024;
- **Distribute:** higher distribution consistently with organic capital generation<sup>3</sup> from net profit and RWA evolution.

On 5 February 2024 UniCredit presented Group results for 4Q23 and FY23 as well as the update of the guidance for 2024. For 2024 the updated guidance provided (overwriting and improving Unlocked targets), considers the current context in terms of expectations on macro scenario and monetary policy. No changes in philosophy, focused on defending leadership achieved in operational and capital efficiency and CoR; further improving the client focus and earnings quality, further simplifying and streamlining of the organization.

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 tensions. The Russia-Ukraine crisis has implied 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 adopted a tight monetary policy that could become more dovish with changes in interest rates

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<sup>4</sup> Average of yearly changes.

trend. The outlook is surrounded by risks which were not foreseeable at the date of the Strategic Plan presentation, and which are still uncertain.

With reference to the credit exposures as at 31 December 2023, 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 the FY23, reflecting UniCredit's historically prudent approach on classification and provisioning, the cost of risk, is 12 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 (and latest updated Guidance).

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 31 December 2023, Group gross NPEs were down by 6.8 per cent. Y/Y and by 2.4 per cent. Q/Q to Euro 11.7 billion in 4Q23 (while as at 30 September 2023 they were equal to Euro 12.0 billion) with gross NPE ratio of 2.7 per cent. (flat Y/Y and Q/Q).

As at 31 December 2023, Group Net NPEs stood at Euro 6.2 billion broadly stable compared to 30 September 2023 which attested at Euro 6.2 billion (Group Net NPE ratio stable compared to 30 September 2023 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 forbore exposures for credit institutions with a gross NPL ratio greater than 5 per cent., the Group has adopted a strategic plan to reduce Non-Performing Exposures (NPE) and operational and governance systems to support it.

Starting from the year 2015 the overall reduction of the Group NPE amounted to about Euro 66 billion, moving from Euro 77.8 billion of 2015 to Euro 11.7 billion of 4Q23 (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 LLPs decreased Y/Y by 71.0 per cent to Euro 548 million in FY23. Therefore, the cost of risk decreased by 29 bps Y/Y to 12 bps in FY23. The Group kept the amount of overlays on performing exposures broadly flat Q/Q at Euro 1.8 billion, which substantially reinforces the Group’s capacity to withstand macroeconomic shocks.

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 consolidated Financial Statements of UniCredit as at 31 December 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 Risks associated with the Group's exposure to sovereign debt*

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

With reference to the Group's sovereign exposures, the book value of sovereign debt securities as at 31 December 2023 amounted to Euro 108,256 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 41,100 million (at 31 December 2022 it amounted to Euro 34,826 million), representing about 38 per cent of the total (over 35 per cent at 31 December 2022) and over 5 per cent of the Group total assets (over 4 per cent as at 31 December 2022); Spain with Euro 14,233 million; Japan with Euro 7,835 million; United States of America with Euro 6,628 million; Germany with Euro 5,789 million; Czech Republic with Euro 3,291 million; Austria with Euro 2,993 million and Romania with Euro 2,677 million.

As at 31 December 2023, the remaining 22 per cent of the total sovereign exposures in debt securities, equal to Euro 23,710 million as recorded at the book value, was divided between 33 countries, including: Bulgaria (Euro 2,537 million), France (Euro 2,521 million), Croatia (Euro 2,273 million), Hungary (Euro 1,828 million), Poland (Euro 1,101 million), Portugal (Euro 996 million), Ireland (Euro 978 million), Serbia (Euro 907 million), Slovakia (Euro 880 million), Israel (Euro 817 million), China (Euro 710 million), Russia (Euro 634 million) and Belgium (Euro 626 million).

With respect to these exposures, as at 31 December 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 it is almost totally held by the Russian controlled bank in local currency classified in the banking book.

Note that the aforementioned remaining of the sovereign exposures held as at 31 December 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 5,842 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 24,852 million as at 31 December 2023 (as at 31 December 2022 it amounted to Euro 25,321 million).”

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



### “1.1.5 Risks relating to deferred taxes

DTAs and liabilities are recognised in the consolidated financial statements according to accounting principle IAS 12. As of 31 December 2023, DTAs amounted in aggregate to Euro 10,749 million, of which Euro 4,380 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (**Law 214/2011**). As of 31 December 2022, DTAs totally amounted to Euro 11, 848 million, of which Euro 5,793 million available for conversion to tax credits pursuant to Law 214/2011. Under Law 214/2011, DTAs related to loan impairments and loan losses, or to goodwill and certain other intangible assets, may be converted into tax credits if the company has a full-year loss in its non-consolidated accounts relating to convertible DTAs (to which such convertible DTAs relate) (**Convertible DTAs**). Under the conversion into tax credits, Convertible DTAs recognised in the accounts of the company with the non-consolidated full-year loss, and a proportion of the deferred tax credits are converted in accordance with a ratio between the amount of the full-year loss and the company’s shareholders’ equity.

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

As at 31 December 2023, the remaining Deferred Tax Assets (i.e., DTAs non-convertible into tax credits) are related to costs and write-offs deductible in future years, for Euro 2,527 million (net of related deferred tax liabilities), and to tax losses carried forward (**TLCF**) for Euro 3,842 million. DTAs on TLCF are mainly related to UniCredit for Euro 3,418 million (of which Euro 913 million booked at the end of 2023 following the sustainability test), to UniCredit for Euro 134 million tax credit IRAP deriving from the conversion of so called Aiuto alla Crescita Economica (**ACE**), to UniCredit Bank Austria AG for Euro 201 million, to UniCredit Leasing S.p.A. for Euro 56 million.

The above mentioned amounts are the ones resulting from the sustainability test provided for IAS12, that takes into account the economic projections foreseeable for future years and the peculiarities of the fiscal legislations of each country, in order to check whether there are future taxable incomes against which TLCF can be offset.

At Group level total not recognized DTAs TLCF are equal to Euro 1,125 million mainly referred to UniCredit for Euro 549 million, to UniCredit Leasing S.p.A. for Euro 275 million, to UniCredit Bank GmbH and its subsidiaries for Euro 207 million and to UniCredit Bank Austria AG and its subsidiaries for Euro 63 million. In respect of foreign permanent establishments of UniCredit, relevant tax losses not utilised are equal to Euro 7,420 million, due to start-up expenses or other operating costs. These tax losses can only be used against the taxable income at the level of each single permanent establishment for taxes due in the relevant Country of establishment.

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

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

### *“1.2.1 Liquidity Risk*

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

The most relevant risks that the Group may face are:

- i. an exceptionally high usage of the committed and uncommitted lines granted to corporate customers;
- ii. an unusual withdrawal of sight 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 December 2023, the LCR of the Group was equal to 154 per cent., whereas at 30 September 2023 was equal to 157 per cent. (calculated as the average of the 12 latest end of month ratios). As of December 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 retained Euro 12.6 billion of TLTRO III of additional tranche repaid in March 2024. As of 31 December 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 outstanding as of 31 December 2023:

### **TLTRO III**

| <b>Effect from</b> | <b>Maturity</b> | <b>Amounts (Euro-billion)</b> |
|--------------------|-----------------|-------------------------------|
| 24 March 2021      | 27 March 2024   | 12.6                          |
| <b>Total</b>       |                 | 12.6                          |

Therefore, as at the date of this Base Prospectus, the Group has no further TLTRO III participations with the ECB.”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Risks related to the property market trends*”, on 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 recognise a reduction in the value of the owned property, 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 31 December 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 year 2023, a negative effect for Euro -350 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 -193 million. In addition to this decrease, losses for Euro -67 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 negative for Euro -90 million gross of tax effect.

It is worth to note that the valuation of properties at current values implies a possible risk of volatility as well as an increase of the so-called real estate risk. By reference to the real estate units held as at 31 December 2023 and their corresponding market value overall equal to Euro 5,446 million, a sensitivity to the increase/decrease in real estate values of +/-1%, equal to approximately Euro 54 million, was estimated corresponding to approximately +/-1 basis point of CET1 ratio.

Moreover, the measurement of inventories of property, plant and equipment to the lower between cost and net realizable value has determined the recognition of a net write-down for Euro -124 million.

Furthermore, the UniCredit Group has outstood a significant amount of loans to individuals secured by residential property. Should property prices, which represents most of the collateral securing 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 the UniCredit Group’s activities in different geographical areas*”, on pages 32-33 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

The Group’s business is closely connected to the Italian economy (45 per cent. of revenues in FY23) and could, therefore, be negatively impacted by any changes in the macroeconomic environment including e.g. the potential impact of geopolitical developments, energy/commodities prices trend and the impact of high interest rates on Sovereign debt.

The UniCredit Group operates and has a significant presence also in Germany (which accounted for 22 per cent. of UniCredit’s total revenues in FY23), as well as in Central Europe (18 per cent. including Austria, Czech Republic, Slovakia, Hungary and Slovenia) and in Eastern Europe (11 per cent. including Croatia, Bulgaria, Romania, Bosnia and Serbia) while 5 per cent. of revenues in FY23 comes from Russia. The risks and uncertainties to which UniCredit is exposed are of a different nature and magnitude depending on the country, and whether or not the country belongs to the European Union, which is one of the main factors taken into consideration when evaluating these risks and uncertainties.

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

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

In addition, UniCredit geographic presence implies risks related to negative effects of Russia Ukraine conflict. In the extreme scenario, where the entirety of UniCredit’s maximum exposure is non-recoverable and zeroed, UniCredit capital position would allow to absorb such impact while still having a solid capital position. Whilst UniCredit does not consider this extreme scenario as base case, it is closely monitoring the developments in the country, in full cooperation with regulators, and with dedicated cross expert teams which defined robust and tested contingency plans, and it is taking a prudent and sustainable approach to distributions. UniCredit continues to dynamically manage its risk exposure, whilst constantly assessing the potential impact of the conflict on global GDP and public policies.”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Market risks*”, on pages 33-34 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.2.4 *Market risks*”

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

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

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

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

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

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

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

As at 29 December 2023 RWA (Risk-Weighted Assets) for Market Risk (excluding credit valuation adjustments - CVA Risk) amounted to Euro 10.3 billion out of a total of Euro 285 billion of Total Group RWA. Total Market Risk RWA (excluding CVA Risk) are split between the part calculated under the internal model (Euro 3.4 billion) and the standardised approach (Euro 6.7 billion) and settlement risk (Euro 0.07 billion). In addition, starting from December 2019 an additional capital requirement has been added, amounting to Euro 98.2 million as of 29 December 2023.

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

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

“*1.2.5 Interest rate fluctuation and exchange rate risk*

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

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

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

For further information, please see the consolidated financial statements of UniCredit as at 31 December 2023, Part E – Information on risks and hedging policies, incorporated by reference herein.”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Operational risk*”, on pages 34-36 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“*1.2.6 Operational risk*

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

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

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

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

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

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

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

With reference to the insufficient lawful basis, the European Court of Justice, in its July 2020 decision<sup>5</sup>, confirmed the validity of Standard Contract Clauses as an instrument of transfer/lawful basis, but added the responsibility, on the "exporter" of the personal data, to assess whether the country of destination of the data offers a level of protection of the rights and freedoms of the data subject equivalent to the one guaranteed in Europe, by Regulation (EU) 2016/679. Moreover, the European Data Protection Board has stated, in documents released after the decision, that even simple access to the data (i.e., by an employee of the third company engaged for IT platform maintenance activities) may constitute a transfer of personal data. Thus, the potential risk is that personal data may be processed by third parties, appointed as Data Processor, from countries outside the European Economic Area without the presence of Standard Contract Clauses and/or without an adequate assessment by the data controller of the privacy rules in the destination country.

In the last years the threats derived from cyber-attacks are continuously increasing. To face off these potential threats, UniCredit Group has enhanced the threat detection & reaction processes increasing the resilience to cyber threats and external attacks pressure. In this regard, taking into account the type

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<sup>5</sup> Judgment in Case C 311/18, Data Protection Commissioner v Facebook Ireland and Maximilian Schrems, that invalidated the adequacy decision of personal data protection provided by the "EU-US Data Protection Shield".



of risks detected, UniCredit, in addition to strengthening the protection measures already in place, carried out external wide and in-depth assessments.

With regard to the cyber-attack occurred in 2018, that led to an unauthorized disclosure of personal data, mentioned in previous reports, it should be noted that on 21 February 2024, the Italian Personal Data Protection Authority notified UniCredit of a Euro 2.8 million fine. The Issuer deposited a recourse to challenge this decision.

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

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

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Risks connected with legal proceedings*”, on pages 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 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, or any of the Group companies involved, deemed appropriate based on the circumstances and in accordance with IAS.

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 31 December 2023, the UniCredit Group set aside a provision for risks and charges of Euro 576.46 million, of which Euro 252.6 million for the parent company UniCredit. As of 31 December 2023, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 7.9 billion, of which approximately Euro 5.4 billion for the proceedings involving the parent company UniCredit. 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 31 December 2023, the total amount of provisions amounted to Euro 146.89 million of which Euro 2.23 million for legal expenses.

As far as the tax inspections and tax disputes are concerned, in relation to 31 December 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 established by the CRR II. The MREL requirements 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, starting from 1 January 2024<sup>6</sup>, the Issuer shall comply, on a consolidated basis, with an MREL equal to 22.13 per cent of Risk Weighted Assets (**RWA**) - plus the applicable Combined Buffer Requirement (CBR) - and 6.02 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 15.36 per cent of RWA plus applicable CBR - and 6.02 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.

Furthermore, the G-SIB buffer applies to those institutions included on the list of global systemically important banks, which is updated annually by the Financial Stability Board (the **FSB**); according to the Press Release issued by the FSB on 27 November 2023, the Issuer has been removed from such list. However, the Issuer remains included in the list of Other Systemically Important Institutions (**O-SII**), as per the Press Release issued by Bank of Italy on 24 November 2023; hence, the Issuer will continue to be subject to a capital buffer for the purposes of systemic risk. Specifically, starting from 1 January 2024, the O-SII capital buffer applied to the issuer is equal to 1.50 per cent of its total risk-weighted exposure.

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. In June 2023, the EU Council and the European Parliament found a provisional agreement on the revisions to the Commission proposal. For more information on the banking package, 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. The final document should be published in the EU Official Journal in 2Q2024 (May or June).

### Capital Adequacy requirements

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<sup>6</sup> From 1 January 2022 intermediate requirements were in place (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), for subordinated MREL 11.79 per cent RWA - plus the applicable CBR - and 5.68 per cent LRE).

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.

On 8 December 2023, UniCredit was informed by the ECB of its final decision concerning capital requirements following the results of its annual SREP (**SREP 2023**). With its decision the Single Supervisor has left unchanged, compared to the SREP decision of the previous year, the Pillar 2 capital requirement keeping it at 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 from December 2023<sup>7</sup>:

- Common Equity Tier 1 ratio: 9.58 per cent.;
- Tier 1 ratio: 11.45 per cent.;
- Total Capital ratio: 13.95 per cent.; and
- Leverage ratio: 3.5 per cent.

As of December 2023, the consolidated CET1 Capital, Tier 1 and Total Capital Transitional ratios were equal to, respectively, 16.14 per cent, 17.84 per cent and 20.90 per cent. CET1 Transitional ratio was exceeding the relevant requirement by 638 bps (so called MDA buffer), after being reduced by ca. 17 bps of the CET1 utilized to cover the Tier 1 requirement.

From 30 June 2020 the Group has adopted the so-called transitional phase-in regarding the application of the IFRS9 accounting principle. As of December 2023, the CET1 ratio Fully Loaded, i.e. calculated without considering the benefit arising from IFRS 9 Transitional arrangements, was equal to 15.89 per cent. exceeding by 613 bps CET1 ratio requirements.

Following the communication received from the ECB in relation to the 2023 Supervisory Review and Evaluation Process (**SREP**), UniCredit's Pillar 2 Capital Requirement (**P2R**) has been confirmed at 200 basis points. In November 2023 the Financial Stability Board (**FSB**) has published the 2023 list of global systemically important banks (**G-SIBs**) and UniCredit has been removed from the list. Following the communication received from the Bank of Italy in relation to its methodological review of Italian banking groups, UniCredit's other systemically important institutions (**O-SII**) capital buffer is 1.50 per cent from 1 January 2024. Therefore, after this date, the overall capital requirement applicable to UniCredit increases by 50 basis point, compared to December 2023, as the O-SII buffer replaces the, no more applicable, 1 per cent G-SIB buffer.

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<sup>7</sup> The reported OCR is based on the Countercyclical Capital Buffer as of December 2023. As of December 2022 previous to the increase of the Pillar 2 requirements the own funds requirements (OCR) were: Common Equity Tier 1 ratio 9.12 per cent; Tier 1 ratio 10.95 per cent; and Total Capital ratio 13.38 per cent. The Countercyclical Capital Buffer (CCyB) depends on the credit exposures of UniCredit to countries where countercyclical capital ratios have been or will be set and on the respective requirements set by the relevant national authorities and therefore may vary on a quarterly basis over the reporting period. The reported leverage ratio requirement (OLRR) includes the 3 per cent. minimum equal for all the banks and 0.5 per cent. additional buffer for global systemically important bank specific to UniCredit. However, according to the press release issued by the FSB on 27 November 2023, UniCredit has been removed from the list of global systemically important banks, therefore from 1 January 2024 the Leverage Ratio requirement applicable to UniCredit is equal to 3 per cent.

As of December 2023, the Transitional Leverage Ratio was 5.78 per cent exceeding the relevant requirement by 228 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, 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 per cent. corresponding to 397 bps higher than fully loaded CET1r as of December 2022
  - 2025 transitional CET1r at 19.97 per cent. corresponding to 329 bps higher than transitional CET1r as of December 2022
- adverse scenario:
  - 2025 fully loaded CET1r at 12.51 per cent. corresponding to 349 bps lower than fully loaded CET1r as of December 2022
  - 2025 transitional CET1r at 12.51 per cent., 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 2024, UniCredit participated to the ECB stress test on “Cyber resilience”, which results are expected to be published by July 2024.

Furthermore, on 8 May 2023 UniCredit was notified its involvement in the 2023 annual EU-wide transparency exercise, launched in September 2023. The exercise covered 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 were published by EBA in December 2023. For 2024, EBA has not announced the timeline for the annual EU-wide transparency exercise yet.

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

Furthermore, on 31 January 2023, in connection with the Board of Directors communication of the consolidated Group results for the financial year ended on 31 December 2022, the Company announced

the aim of remunerating the Shareholders for the financial year 2022 with an overall distribution up 40 per cent. versus the previous financial year, while preserving capital strength.

In this respect, on 31 March 2023 the shareholders' meeting has resolved, as part of the activities envisaged in the 2022-2024 strategic plan (**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"<sup>8</sup>; and
2. purchases of UniCredit shares to be subsequently cancelled (so called share buy-back programme) corresponding to a total expenditure up to Euro 3,343,438,000.00.

The share buy-back programme referred has been authorized by the ECB, it was communicated to the market on 3 April 2023. On 29 September 2023, the execution of the buy-back programme 2022 has been completed.

On 20 September 2023, UniCredit announced the intention to launch a tranche of the 2023 share buy-back programme for a maximum of Euro 2.5 billion. In this respect, the target of 2023 total distribution, subject to supervisory and shareholder approvals, is a minimum of Euro 6.5 billion. Commencement of this buy-back 2023 tranche has been approved by the shareholders' meeting convened on 27 October 2023. In February 2024 UniCredit asked for a new authorization to ECB.

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.

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<sup>8</sup> Excluding Russia segment contribution.

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 an agreement on the so-called “2021 Banking Package” legislative proposal (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 formal CRR3/CRD6 adoption but UniCredit expects the publication in the Official Journal of the EU and the related entry into force in 2Q2024 (with the majority of the CRR3 provisions to be applied starting from 1 January 2025).

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 connected with the legal and regulatory framework*”, the Risk Factor headed “*Risks connected with ordinary and extraordinary contributions to funds established under the scope of the banking crisis rules*”, on pages 40-41 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

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

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

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

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

For further information in relation to the above-mentioned ordinary and extraordinary contributions, please see the Issuer's audited consolidated financial statements at 31 December 2023, incorporated by reference herein.”

- In the subsection “*Risks connected with the legal and regulatory framework*”, the Risk Factor headed “*Risks connected with the entry into force of new accounting principles and changes to applicable accounting principles*”, on pages 41-42 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

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

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

In 2023 the following standards, amendments or interpretations came into force:

- Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (EU Regulation 2022/357);
- Amendments to IAS8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (EU Regulation 2022/357);
- Amendments to IAS12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Regulation 2022/1392);
- Amendments to IFRS17 Insurance contracts: Initial Application of IFRS17 and IFRS9 - Comparative Information (EU Regulation 2022/1491);
- IFRS17 Insurance Contracts; including Amendments to IFRS17 (EU Regulation 2021/2036);
- Amendments to IAS12 Income taxes: International Tax Reform - Pillar Two Model Rules (EU Regulation 2023/2468).

With the exception of IFRS17, that impacted the evaluation of Bancassurance associates whose net equity changed as a result of the new standard application, the entry into force of these new standards, amendments or interpretations has not determined substantial effects on the amounts recognised in balance sheet or income statement. Nevertheless, it is worth to note that with reference to the amendments to the IAS12 (EU Regulation 2022/1392), which introduced an additional requirement to



apply the initial recognition exemption of deferred taxation related to assets and liabilities arising from a single transaction, the restatement of comparative period was needed for specific tables of the Notes to consolidated financial statements at 31 December 2023.

As at 31 December 2023, the following documents, applicable to reporting starting from 1 January 2024, have been endorsed by the European Commission:

- amendments to IFRS16 Leases: Lease Liability in a Sale and Leaseback (EU Regulation 2023/2579);
- amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants (EU Regulation 2023/2822).

The Group does not expect significant impacts arising from the entry into force of such amendments.

As at 31 December 2023 the IASB issued the following accounting standards, amendments or interpretations of the existing accounting standards, whose application is subject to completion of the endorsement process by the competent bodies of the European Union:

- amendments to IAS7 Statement of Cash Flows and IFRS7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023);
- amendments to IAS21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023).

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

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

- In the subsection “*Risks relating to Additional Tier 1 Notes*”, the Risk Factor headed “*The level of the Issuer’s Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes*”, on 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 16 billion of Distributable Items as at 31 December 2023, of which approximately Euro 22.6 million were represented by the distributable portion of the Share Premium Reserve (see also Company financial statements – Section 12 Part B – Balance sheet - Liabilities, reported in the Notes to the Accounts of the 2023 UniCredit Annual Report and Accounts).

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

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

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

- In the subsection “*Risks relating to Additional Tier 1 Notes*”, the Risk Factor headed “*If the Issuer breaches the combined buffer requirement or the Leverage Ratio buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate*

whether or when the Issuer will cancel such interest payments”, on pages 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; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments

Under Article 141 (Restrictions on distributions) of the CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement 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 (including the 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.*

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).

Moreover, the CRR and the CRD V envisage a leverage ratio requirement of 3 per cent. of total exposures to be held in Tier 1 Capital. In addition to this minimum capital requirements under the CRR and CRD V provisions, supervisory authorities may add extra capital requirements (Leverage Ratio Pillar 2 Requirement) to cover risks arising from excessive leverage. According to ECB this additional requirement “is intended to capture contingent leverage risk originating from a bank extensively using derivatives, securities financing transactions and off-balance-sheet items, as well as engaging in regulatory arbitrage and providing step-in support.”

The CRD V also envisages a “Pillar 2 guidance” (the **Pillar 2 Guidance**) and a “leverage ratio 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 and leverage ratio requirements. Failure to meet the Pillar 2 Guidance or the leverage ratio 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 or leverage ratio requirements.

The provisions laid down by the CRD V as to the Pillar 2 Guidance, “leverage ratio Pillar 2 guidance” and Pillar 2 Requirements have been transposed into the Italian secondary level legislation.

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 and leverage ratio requirements 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:

| <b>Required minimum CET1 Capital ratio</b> |                               |                               |
|--|-------------------------------|-------------------------------|
|  | <b>As at 31 December 2022</b> | <b>As at 31 December 2023</b> |
| Pillar 1 CET1                              | 4.50%                         | 4.50%                         |
| Pillar 2 CET1 requirement                  | 0.98%                         | 1.13%                         |
| Combined capital buffer requirement        | 3.63% <sup>1</sup>            | 3.95% <sup>1</sup>            |
| <b>OCR level</b>                           | <b>9.12%</b>                  | <b>9.58%</b>                  |

<sup>1</sup> Including buffers updated on a quarterly basis: 0.42 per cent. countercyclical capital buffer and 0.03 per cent. systemic risk buffer, as of 31 December 2023, and 0.13 per cent. countercyclical capital buffer, as of 31 December 2022.

| <b>Required Minimum Tier 1 ratio</b>    |                               |                               |
|---|-------------------------------|-------------------------------|
|   | <b>As at 31 December 2022</b> | <b>As at 31 December 2023</b> |
| Pillar 1 CET1                           | 4.50%                         | 4.50%                         |
| Pillar 1 Additional Tier 1 <sup>1</sup> | 1.50%                         | 1.50%                         |
| Pillar 2 Tier 1 requirement             | 1.31%                         | 1.50%                         |
| Combined capital buffer requirement     | 3.63% <sup>2</sup>            | 3.95% <sup>2</sup>            |
| <b>OCR level</b>                        | <b>10.95%</b>                 | <b>11.45%</b>                 |

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

<sup>2</sup> Including buffers updated on a quarterly basis: 0.42 per cent. countercyclical capital buffer and 0.03 per cent. systemic risk buffer, as of 31 December 2023, and 0.13 per cent. countercyclical capital buffer, as of 31 December 2022.

| <b>Required Minimum Total Capital ratio</b> |                               |                               |
|---|-------------------------------|-------------------------------|
|   | <b>As at 31 December 2022</b> | <b>As at 31 December 2023</b> |
| Pillar 1 CET1                               | 4.50%                         | 4.50%                         |
| Pillar 1 Additional Tier 1 <sup>1</sup>     | 1.50%                         | 1.50%                         |
| Pillar 1 Tier 2 <sup>2</sup>                | 2.00%                         | 2.00%                         |
| Pillar 2 Total Capital requirement          | 1.75%                         | 2.00%                         |

|                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| Combined capital buffer requirement | 3.63% <sup>3</sup> | 3.95% <sup>3</sup> |
| <b>OCR level</b>                    | <b>13.38%</b>      | <b>13.95%</b>      |

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

<sup>2</sup> May be comprised of Tier 2, Additional Tier 1 or CET1.

<sup>3</sup> Including buffers updated on a quarterly basis: 0.42 per cent. countercyclical capital buffer and 0.03 per cent. systemic risk buffer, as of 31 December 2023, and 0.13 per cent. countercyclical capital buffer, as of 31 December 2022.

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

| Capital ratios      | 31 December 2022 | 31 December 2023 |
|---------------------|------------------|------------------|
| CET1 Capital ratio  | 16.68%           | 16.14%           |
| Tier 1 ratio        | 18.65%           | 17.84%           |
| Total Capital ratio | 21.42%           | 20.90%           |

The transitional leverage ratio stated stood at 5.78 per cent. in 4Q23.

UniCredit is also fully compliant with its MREL requirements<sup>9</sup> with a 4Q23 MREL ratio of 31.28 per cent. of RWA (of which 23.47 per cent of subordinated components) and of 10.14 per cent. of Leverage Exposures (of which 7.61 per cent of subordinated components) implying a buffer of 660 bps over the 24.68 per cent. RWA Requirement (of which 15.74 per cent of subordinated components, leading to buffer of 773 bps) and a buffer of 424 bps over the 5.90 per cent Leverage Exposures Requirement (of which 5.68 per cent of subordinated components, leading to buffer of 193 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 (MDA) or a leverage ratio related Maximum Distributable Amount (L-MDA) 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 leverage ratio requirements and the Pillar 2 Requirement and leverage ratio requirements, 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, leverage ratio 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

<sup>9</sup> MREL RWA requirement includes the Combined capital Buffer Requirement applicable at the date.

new and more onerous requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Additional Tier 1 Notes.

There can be no assurance that the Own Funds, leverage ratio 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 or leverage ratio requirements 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, 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.

On 8 March 2024, the Bank of Italy launched a public consultation on a proposal to introduce a systemic risk buffer (SyRB) of 1.0 per cent of domestic exposures weighted for credit and counterparty credit risks. The buffer requirement is intended to be applicable to all banks and banking groups authorised in Italy. The buffer rate target would be reached gradually: 0.5 per cent would need to be set aside by 31 December 2024, and the remaining 0.5 per cent by 30 June 2025. The public consultation in question ended on 29 March 2024 and as of the date of this Base Prospectus it is not possible to foresee to what extent the final decision which will be adopted by the Bank of Italy may differ from the text of the proposal currently available. The outcome of this public consultation may determine changes in the capital calculation and increase capital requirements applicable to, *inter alia*, the Issuer and the Group.

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. In fact, based on the mentioned article of CRD V, "where an institution fails to meet fully

the requirement under paragraph 1 of this Article, it shall be subject to the restrictions on distributions set out in Article 141(2) and (3). Where the application of those restrictions on distributions leads to an unsatisfactory improvement of the Common Equity Tier 1 capital of the institution in the light of the relevant systemic risk, the competent authorities may take additional measures in accordance with Article 64". 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 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 *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*

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 Regulation (EU) 2023/2631 (the **EUGBS**), published on 30 November 2023 in the Official Journal of the EU which will be applicable from 21 December 2024).

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.”

### ***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 auditors of the Issuer who have audited the consolidated financial statements of the UniCredit Group and the financial statements of the Issuer for the financial year ended on 31 December 2023, 31 December 2022 and 31 December 2021 and who have carried out the limited review of the consolidated first half financial report of UniCredit ended on 30 June 2023 and 30 June 2022.

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

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

### ***2023 UniCredit Annual Report and Accounts***

On 12 April 2024, UniCredit published (i) the UniCredit's Group audited consolidated financial statements as of and for the year ended 31 December 2023 (the **UniCredit 2023 Consolidated Financial Statements**) and (ii) the UniCredit S.p.A.'s audited non-consolidated financial statements as of and for the year ended 31 December 2023 (the **UniCredit 2023 Non-Consolidated Financial Statements**, and together with the UniCredit 2023 Consolidated Financial Statements, the **2023 UniCredit Annual Report and Accounts**).

The 2023 UniCredit Annual Report and Accounts has been audited by KPMG S.p.A., UniCredit's external auditors.

A copy of the 2023 UniCredit Annual Report and Accounts, available at <https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2023/4Q23/2023-Annual-Reports-and-Accounts.pdf>, has been filed with the Commission de Surveillance du Secteur Financier (**CSSF**). Copies of this Supplement and all the sections of the 2023 UniCredit Annual Report and Accounts identified in the table below incorporated by reference in the Base Prospectus will also be published on the website of UniCredit ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), as well as on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

By virtue of this Supplement, the sections of the 2023 UniCredit Annual Report and Accounts identified in the table below are incorporated by reference in, and form part of, the Base Prospectus. Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

| <b>Documents</b>                          | <b>Information Incorporated</b>                               | <b>Page Reference</b> |
|---|---|-----------------------|
| 2023 UniCredit Annual Report and Accounts | <b>Consolidated Report and Accounts of UniCredit Group:</b>   |                       |
|   | Consolidated Report on Operations                             | 145-185               |
|   | Consolidated Balance Sheet                                    | 205-206               |
|   | Consolidated Income Statement                                 | 207                   |
|   | Consolidated Statement of Comprehensive Income                | 208                   |
|   | Statement of Changes in the Consolidated Shareholders' Equity | 209-212               |
|   | Consolidated Cash Flow Statement                              | 213-214               |
|   | Notes to the Consolidated Accounts                            | 217-572               |
|   | Certification   | 575                   |
| Report of External Auditors               | 577-583   |                       |

| <b>Documents</b> | <b>Information Incorporated</b>                  | <b>Page Reference</b> |
|------------------|--|-----------------------|
|                  | Annexes  | 585-667               |
|                  | <b>Report and Accounts of UniCredit S.p.A.:</b>  |                       |
|                  | Report on operations                             | 677-701               |
|                  | Balance Sheet                                    | 705-706               |
|                  | Income Statement                                 | 707                   |
|                  | Statement of Comprehensive Income                | 708                   |
|                  | Statement of Changes in the Shareholders' Equity | 709-710               |
|                  | Cash Flow Statement                              | 711-712               |
|                  | Notes to the Accounts                            | 715-886               |
|                  | Certification                                    | 889                   |
|                  | Report of External Auditors                      | 919-925               |
|                  | Annexes  | 927-934               |

## ***Description of UniCredit and the UniCredit Group***

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

- The sub-paragraph “*History and development of the Issuer*” of the paragraph titled “*Information about the Issuer*”, on page 311 of the Base Prospectus, is deleted in its entirety and replaced as follows:

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

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

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

Such expansion has been characterised, in particular:

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

In 2008 the squeeze outs<sup>10</sup> of the ordinary BA and HVB shares held by minority shareholders were completed.

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

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<sup>10</sup> The squeeze out is the process whereby a pool of shareholders owning at a certain amount of a listed company's shares (in Germany 95 per cent., and in Austria 90 per cent.) exercises its right to “squeeze out” the remaining minority of shareholders from the company paying them an adequate compensation.

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

UniCredit has adopted, ever since its incorporation, the traditional governance model, which is the default option envisaged by Italian law for corporations.

The UniCredit Extraordinary Shareholders' Meeting held on 27 October 2023, resolved to adopt the one-tier corporate governance system, in lieu of the traditional model, which provides for the appointment within the Board of Directors of an Audit Committee performing control functions, in place of the Board of Statutory Auditors, effective upon the renewal of the corporate bodies resolved by the 12 April 2024 Shareholders' Meeting.”

- 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 11 April 2024, UniCredit announced that it has received ECB authorization for the execution of the remainder of the 2023 share buy-back programme for a maximum of Euro 3,085 million.

The approval was based on financial information provided by UniCredit that demonstrated robust capital and a resilient model in stress scenarios.

The first tranche of the 2023 share buy-back - in an amount of Euro 2,500 million - was concluded on 7 March 2024.

Together with the proposed dividend this leads to a total 2023 distribution of Euro 8.6 billion: an increase of circa Euro 3.35 billion versus 2022.

Proforma for this distribution UniCredit's CET1 ratio is 15.9% as at 2023 year-end.

This underlines UniCredit's commitment to attractive and sustainable shareholder returns while maintaining strong capital and underpins the UniCredit's confidence in delivering ongoing attractive shareholder returns and creating long term value.

Commencement of the buy-back programme, as well as the dividend for a maximum of Euro 3,015 million, is dependent upon the approval by shareholders at the Shareholders' Meeting convened on 12 April 2024. Please refer to the UniCredit website for further details on it.

Due to black-out period restrictions, the share buy-back is expected to commence as soon as possible following first quarter 2024 financial results to be released on 7 May 2024, subject to shareholder approval and market conditions.

On 12 April 2024, the Shareholders' Meeting approved the share buy-back.”

- 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 shall be deleted in its entirety and replaced as follows:

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

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

### **BRRD and SRMR**

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

Such instruments and powers include the possibility of applying the "bail-in", *i.e.* the power to reduce, with the possibility of cancellation, the nominal value of shares and the write-down of receivables due from the bank with their conversion into shares. The aim of the bail-in is to absorb losses and recapitalize the failing bank in order to ensure the continuity of its critical economic functions, protecting financial stability and minimizing losses to the taxpayer, while still ensuring that no creditor suffers greater losses than if the bank had been liquidated under normal insolvency proceedings.

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

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

In the framework of the SRMR and BRRD, the centralized decision-making power for resolution is entrusted to the Single Resolution Board (**SRB**). 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 per cent. 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 introduced 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 binding 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, which became fully loaded from 1 January 2024.

### **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 all levels of consolidation (including “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. Due to the complexity of such technical discussions, the banking package is expected to be published in 2Q24 (May or June).

The CRRIII will enter into force 20 days after publication in the EU Official Journal; some provisions will be applicable 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. On 26 September 2023, the EBA published its second mandatory Basel III monitoring report based on data as of 31 December 2022 from a sample of 157 banks. A separate annex to the report also includes the impact of the proposals for the EU implementation of Basel III under the banking package. Based on the content of the package agreed so far, at Euro 0.6 billion of additional Tier 1 capital required for the entire EU banking sector, the estimated capital shortfall to comply with the Basel III reform has been practically eliminated.

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.

On 8 March 2024, the Bank of Italy launched a public consultation on a proposal to introduce a systemic risk buffer (SyRB) of 1.0 per cent of domestic exposures weighted for credit and counterparty credit risks. The buffer requirement is intended to be applicable to all banks and banking groups authorised in Italy. The buffer rate target would be reached gradually: 0.5 per cent would need to be set aside by 31 December 2024, and the remaining 0.5 per cent by 30 June 2025. The public consultation in question ended on 29 March 2024 and as of the date of this Base Prospectus it is not possible to foresee to what extent the final decision which will be adopted by the Bank of Italy may differ from the text of the proposal currently available.

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 24 July 2020, as part of the Capital Markets Recovery Package, the European Commission presented amendments to review, *inter alia*, some regulatory constraints in order to facilitate

the securitisation of non-performing loans (*i.e.* increasing the risk sensitivity for NPE securitisations by assigning different risk weights to senior tranche) in order to promote the economic recovery after the COVID-19 crisis. The new measures - through the Regulation (EU) 2021/557 amending the Securitisation Regulation and the Regulation (EU) 2021/558 amending the Regulation (EU) 2013/575 (**CRR**) - entered into force on 9 April 2021.

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

### **Measures to support the economy**

- 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.

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 per cent. 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 (the measure expired on 4 April 2024. See below – Superbonus Decree);
- 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.

In October 2023 the Council of Ministers approved the Law Decree 18 October 2023 n. 145, converted into Law 15 December 2023, n. 191 (**Fiscal Decree**) which contains urgent measures in economic and fiscal matters, in favour of local entities, to protect employment and for non-deferrable needs.

In the Fiscal Decree a provision relating to the SMEs Central Guarantee Fund (**FCG**) regulation has been introduced. The measures, that will be operative only for 2024 provides for:

- Maximum guaranteed amount for single enterprise (both SMEs and MID CAPs): 5 million
- Redefinition of coverage percentages for SMEs based on the operation purpose (financing for liquidity needs: 55 per cent. guarantee for businesses in 1 and 2 risk bands; 60 per cent. guarantee for businesses in 3 and 4 risk bands - financing of investment needs: 80 per cent. guarantee for all risk bands - financial operations relating to SMEs in the start-up phase: 80 per cent. guarantee for any need)
- Free guarantee for micro-enterprises
- MID CAPs back into FCG (companies with more than 250 and up to 499 employees, considering association and connection with other companies) in case of direct guarantee with different coverage percentages: 30 per cent. for liquidity and 40 per cent. for investments
- Possibility for Third Sector entities to access to the FCG - provided they are registered in the Single National Register of the Third Sector - for financial operations of amounts not exceeding 60,000 and without applying the evaluation model
- Basket Bond (bonds issued by companies with up to 499 employees): reduction of the minimum amount of the single bond included in portfolio (from 2,000,000 to 500,000)

In October 2023 the Council of Ministers also approved Law 30 December 2023 n. 213 (the **Budget Law 2024**) containing several measures in favor of enterprises among which:

- the authorization of an additional expenditure of 100,000,000 for 2024 to ensure continuity of the measures to support productive investments by micro-enterprises and SMEs (Nuova Sabatini);
- the possibility for SACE - until 31 December 2029 - to issue guarantees linked to investments in certain sectors of strategic interest. These guarantees:
  - can be issued in favor of entities identified as implementing partners within the InvestEU program or in favor of banks, national and international financial institutions;
  - can concern financing, in any form, including portfolios of financing, granted to companies with registered office in Italy (and to companies with registered office abroad with a permanent establishment in Italy) other than SMEs and companies in difficulty;

- can be granted following a preliminary assessment by SACE carried out in line with the best practices of the banking and insurance sector;
- are granted for a maximum of 25 years and a coverage percentage not exceeding 70 per cent. (60 per cent. if issued in relation to sureties, guarantees and other signature commitments, which companies are required to provide for the execution of public contracts and the disbursement of contractual advances; 50 per cent. in the case of subordinate exposures). For guarantees on loan portfolios, the maximum coverage percentage of each tranche - even with asymmetric percentages between tranches - is equal to 50 per cent. (100 per cent. if no more than 50 per cent. of each loan is included in the tranche, without prejudice to the fact that for the "junior" or "mezzanine" tranches the relative thickness cannot in any case exceed 15 per cent. of the overall amount of the portfolio and the maximum coverage percentage is equal to 50 per cent.).

The Budget Law also contains a measure regarding the bank financing for reconstruction in territories affected by floods. If the contributions to be paid exceed a certain amount, the measure provides for the possibility of disbursing these contributions in the form of subsidized loans granted by credit institutions - operating in Emilia-Romagna, Tuscany and Marche (maximum duration of 25 years and up to a maximum limit of Euro 700 million). The beneficiary of the loan accrues a tax credit, which can be used exclusively as compensation, in an amount equal, for each repayment deadline, to the amount obtained by adding the interest due to the principal amount and the expenses necessary for the management of the same loans.

In January 2024 the Council of Ministers approved the Law Decree 2 February 2024 n. 9 (**DL “Ilva BIS”**) containing urgent measures to protect the related industries of large strategic companies - such as Acciaierie d'Italia - in extraordinary administration. The decree law - merged into the Law Decree 18 January 2024, n. 4 converted into law 15 March 2024 n. 28 (**DL "Ex Ilva”**) – provides for a special FCG guarantee in favor of micro enterprises and SMEs that have difficulty in accessing credit due to the worsening of the debt position of large strategic companies, admitted to the extraordinary administration procedure. The guarantee is granted - until the closure of the extraordinary administration procedure - free of charge, with a coverage percentage of 80% in the case of direct guarantee (both for liquidity and investment needs) and 90% in the case of reinsurance. Companies in band 5 can also benefit from such guarantee. To access the guarantee, micro-enterprises and SMEs must have produced - in the last 5 financial years preceding the request - at least 35% of their turnover towards the company subjected to extraordinary administration procedure.

In March 2024 the Council of Ministers approved the Law Decree 29 March 2024 n. 39 (**DL “Superbonus”**) which introduces urgent measures regarding tax bonuses. The Decree must be converted into Law by the end of May. Below are the main measures of interest included in the Decree:

- further limits to the possibility of transferring the superbond and other building bonuses. From the entry into force of the decree (30 March 2024) the possibility of transfer is blocked for:
  - condominiums and individuals for interventions relating to Superbonus and other building bonuses for work already carried out, without expenses incurred and documented, even if the documents necessary for the transfer have been presented by 16 February 2023;
  - interventions carried out by Autonomous Institute of Public Housing (IACP), housing cooperatives, non-profit organisations, voluntary organisations, social promotion associations (**Third Sector**);
  - interventions carried out by individuals in relation to properties damaged by seismic events (in the territories where - from 1 April 2009 - state of emergency was declared), as well as in relation to properties damaged by floods (in the territories where - from 15 September 2022 - state of emergency was declared);



- interventions carried out by condominiums and individuals (with income up to 15,000 Euro) for interventions related to the Architectural Barrier Bonus.

In these cases, the transfer of the accrued fiscal bonuses is still permitted only at certain conditions established in the DL “Superbonus”.

- The transfer is permitted for reconstruction interventions carried out on properties damaged by seismic events which occurred in the regions of Abruzzo, Lazio, Marche and Umbria (occurred on 6 April 2009 and from 24 August 2016 on).
- From 4 April 2024 it will no longer be possible to use the so called “remission in bonis” for the credit transfer.
- Elimination of the possibility of making a second transfer of the ACE credit. The transferee is also jointly and severally liable due to any violation.

## **SUSTAINABLE FINANCE**

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

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

Taxonomy. The final text of the Taxonomy Regulation has been adopted by the European Parliament and Council and was subsequently published in the OJ in 2020. The Taxonomy Regulation is a classification system intended to address greenwashing and provide a tool to direct finance towards sustainable investments. The regulatory framework outlines definitions and specific criteria (technical screening criteria) to determine whether an economic activity can be classified as environmentally sustainable.

The level II timeline to determine the specific technical screening criteria is progressing with criteria for the first two environmental objectives (climate change mitigation and adaptation) now adopted and applicable from 1 January 2022. The remaining four objectives – sustainable use and protection of water and marine resources, transition to circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems – were adopted by the EC in June 2023, and apply from 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 is 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.

On 14 September 2023 the Commission published a targeted consultation to seek feedback on the SFDR from industry and other stakeholders, running until 15 December 2023. The consultation was aimed to assess the current requirement and also to explore potential changes to disclosures and the possible creation of a product categorization system.

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 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.

Green Bond Standard. Alongside the Renewed Strategy, 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. The Regulation entered into force in December 2023 and will apply from 21 December 2024 with a transition period for certain requirements until 21 June 2026.

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

On 25 November 2021, as part of the CMU Action Plan, the Commission published the legislative proposal for the establishment of the European Single Access Point (**ESAP**), aimed to ensure public and free access to financial and sustainability-related information across the single market with a view to meet investors’ demand. The scope of data accessible via the ESAP will include information published by entities under existing EU financial services legislation, with a phased approach. The ESAP will enable any entity, in particular SMEs, to file relevant information voluntarily. Entities are expected to file the information only once to a collection body (for instance the Officially Appointed Mechanisms or an existing authority, at national or at European level). All the collection points will enable the ESAP to access that information via application programming interfaces (**APIs**). The European Securities and Markets Authority (**ESMA**) will be in charge of building, operating and governing the ESAP. The information will be available for free and in data extraction format, with an increasing amount of information made machine-readable in the long run. The ESAP legislative package and, namely, Regulation (EU) 2023/2859 of the European Parliament and of the Council establishing a European single access point providing centralized access to publicly available information of relevance to financial services, capital markets and sustainability, Directive (EU) 2023/2864 of the European Parliament and of the Council amending certain Directives as regards the establishment and functioning of the European single access point and Regulation (EU) 2023/2869 of the European Parliament and of the Council amending certain Regulations as regards the establishment and functioning of the European single access point, were published in the European Official Journal of the European Union on 20 December 2023 and entered into force on the twentieth day following publication.

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 proposal is currently at the final stage of the legislative process. The European Parliament and the Council reached a provisional deal on 14 December 2023 which excludes financial services (downstream value chain of financial institutions) from the due diligence obligations. A watered-down version of the agreement was endorsed by the EU Ambassadors (COREPER I) and the EU Parliament Committee in charge of the file in March 2023.

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 EC and are applicable as of January 2023.

On 12 October 2023, the EBA published a report on the role of environmental and social risks in the prudential framework of credit institutions and investment firms. Taking a risk-based approach, the report recommends targeted enhancements to accelerate the integration of environmental and social risks across the Pillar I. In particular, the EBA proposed to: (i) including environmental risk as part of stress testing programmes under both the internal ratings-based (IRB) and the internal model approaches (IMA) under the Fundamental Review of the Trading Book; (ii) encourage inclusion of environmental and social factors as part of external assessment by the credit rating agencies; (iii) encourage the inclusion of environmental and social factors as part of the due diligence requirements and evaluation of immovable property collateral; (iv) require institutions to identify whether environmental and social factors constitute triggers of operational risk losses; and (v) progressively develop environment-related concentration risk metrics as part of supervisory reporting.

## **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 while regulating its risks. Four broad priorities guide the EU's initiatives to promote digital transformation until 2024 with associated actions (legislative and non-legislative) that the Commission 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. Thanks to the new digital identity wallet, users will be able to authenticate digitally when logging into both public and private online services across the EU, or authorise online transactions, in particular where strong user authentication is

required. Examples of these could be accessing a bank account, initiating a payment or applying for a loan. The regulation was adopted by both Parliament and the Council, in February and March 2024 respectively. It will be published in the EU Official Journal in Q2 2024 and will be fully implemented by 2026.

- 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 that are 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 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. The regulation, called the Artificial Intelligence Act (AIA), will create a comprehensive, harmonized, regulatory framework for AI in the EU, but will also impact use and development of AI systems globally, including within the financial services sector. The AIA will introduce a strict regime and mandatory requirements for 'high risk' AI systems, such as those used to evaluate creditworthiness of natural persons. Its entry into force is expected for Q2 2024. The regulation is likely to become applicable starting from mid-2026, with the exception of the provisions on prohibited systems, which are expected to become applicable at the end of 2024. The AI regulation proposal, agreed in negotiations with Member States in December 2023, received the final endorsement from the European Parliament on 13 March 2023.
- 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. The final Regulation was published in the EU Official Journal on 19 March 2024 and entered into force on 9 April 2024, 20 days following the publication. Application is foreseen after several months, (starting from 9 months from the entry into force) 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 legislation requires 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. On 18 October 2023, the Governing Council of the ECB decided to move forward to the preparation phase of the digital euro project. This decision follows the completion of the investigation phase launched by the Eurosystem in October 2021 to explore possible design and distribution models for digital euro.

The preparation phase started in November 2023 and will initially last two years. It will involve inter alia finalising the digital euro rulebook and selecting providers that could develop a digital euro platform and infrastructure. The Governing Council has nonetheless clarified that the launch of the preparation phase is not yet a decision on whether to issue a digital euro. That decision will only be considered by the Governing Council once the European Union's legislative process on the establishment of this currency, launched in June 2023, has been completed.

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

In 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 entered into force on 28 March 2024, while 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 introduces i) 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) a Value for Money (**VfM**) approach amending product oversight and governance rules to ensure that undue costs are not charged and that products deliver VfM to retail investors, with specific comparability tools (benchmarks); iii) obligation for firms, to act in accordance with the best interest of their clients and customers, by introducing a new test; iv) 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 reached a provisional agreement on the text of EMIR 3.0 in February 2024.”

- The sub-paragraph “*Information on the material changes in the Issuer’s borrowing and funding structure since the last financial year*” on page 327 of the Base Prospectus is amended as follows:

“*1.1.7 Information on the material changes in the Issuer’s borrowing and funding structure since the last financial year*”

There are no material changes in the Issuer’s borrowing and funding structure since the last financial year ended on 31 December 2023.”

- The sub-paragraph “*Description of the expected financing of the Issuer’s activities*” on page 327 of the Base Prospectus, is amended as follows:

“*1.1.8 Description of the expected financing of the Issuer’s activities*”

As at 31 December 2023, the loans to deposits ratio (**LDR**), a ratio between the customer loans and deposits, excluding the repo activity, is equal to 86 per cent. Such ratio improves compared to 31 December 2022, equal to 87.9 per cent.

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

As at 31 December 2023, the liquidity buffer<sup>11</sup> is equal to Euro 171.6 billion (Euro 190.3 billion at 31 December 2022).

As at 31 December 2023, the TLTRO participations of the Group is equal to Euro 12.6 billion.”

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<sup>11</sup> Average of 12 months, consistently with Pillar 3 disclosure.

- 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 three product factories, Corporate, Individual Solutions and Group Payment Solutions.

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

- Italy as a standalone geography reflecting the critical importance of the country;
- Germany still focused on developing and growing business in the country;
- Central Europe (including Austria, Czech Republic and Slovakia, Hungary, Slovenia);
- Eastern Europe (including Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia);
- Russia (starting from the first quarter of 2022, the Group’s organizational structure has been updated by isolating activities in Russia<sup>12</sup>).

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

Alongside Business Divisions there is 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 paragraph titled “*Administrative, management and supervisory bodies*” on pages 332-338 of the Base Prospectus shall be deleted in their entirety and replaced as follows:

#### **“4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

Since its incorporation, UniCredit had adopted the traditional governance model, which is the default option envisaged by Italian law for companies.

Following the adoption of the one-tier management and control system resolved by the Shareholders’ Meeting held on 27 October 2023, in lieu of the traditional model, starting from 12 April 2024 UniCredit is managed by a Board of Directors which has sole responsibility for strategic supervision and management of the Issuer. In compliance with the applicable provisions, within the Board of Directors, it is also established a committee performing control functions, the Audit Committee. Both the members of the Board of Directors and of the Audit Committee are appointed by the Shareholders’ Meeting.

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<sup>12</sup> Includes the local bank and legal entities, plus the cross-border exposure booked in UniCredit S.p.A.



#### **4.1 Names, business addresses and functions of the members of the Board of Directors and Audit Committee 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 composed of between a minimum of 9 and a maximum of 19 members. Under the Issuer's By-laws at least three, and no more than five, members compose the Audit Committee. The Directors, and among them the members of the Audit Committee, are 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.

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 12 April 2024 for a term of three financial years and is composed of 15 members, of whom 4 members compose the Audit Committee.

The term in office of the current members of the Board of Directors and of the Audit Committee will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2026. The members of the Board of Directors, including the Audit Committee members, 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 members of UniCredit's Board of Directors and of the Audit Committee as at the date of this Base Prospectus.

| <b>Name</b>                                | <b>Position</b>                            |
|--|--|
| Pietro Carlo Padoan <sup>1</sup>           | Chair                                      |
| Elena Carletti <sup>1</sup>                | Deputy Vice Chair                          |
| Andrea Orcel                               | Chief Executive Officer*                   |
| Paola Bergamaschi <sup>1</sup>             | Director                                   |
| Paola Camagni <sup>2-3</sup>               | Director and member of the Audit Committee |
| Vincenzo Cariello <sup>1</sup>             | Director                                   |
| Marcus Johannes Chromik <sup>1</sup>       | Director                                   |
| António Domingues <sup>1</sup>             | Director                                   |
| Julie Birgitte Galbo <sup>2</sup>          | Director and member of the Audit Committee |
| Jeffrey Alan Hedberg <sup>1</sup>          | Director                                   |
| Beatriz Ángela Lara Bartolomé <sup>1</sup> | Director                                   |
| Maria Pierdicchi <sup>1</sup>              | Director                                   |
| Marco Rigotti <sup>2-3</sup>               | Director and Chair of the Audit Committee  |
| Francesca Tondi <sup>1</sup>               | Director                                   |
| Gabriele Villa <sup>2-3</sup>              | Director and member of the Audit Committee |

Notes:

<sup>(1)</sup> Meets the independence requirements pursuant to Section 148 of the Financial Services Act and the Italian Civil Code, Section 13 of the Treasury Decree no. 169 dated 23 November 2020 and Section 2, recommendation 7, of the Italian Corporate Governance Code.

<sup>(2)</sup> Meets the independence requirements pursuant to Section 148 of the Financial Services Act and the Italian Civil Code, Section 14 of the Treasury Decree no. 169 dated 23 November 2020 and Section 2, recommendations 7 and 9, of the Italian Corporate Governance Code.

<sup>(3)</sup> Is enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance.

\* Also elected as General Manager by the Board of Directors on 12 April 2024.

As at the date of this Base Prospectus, the information on the fulfilment of the independence requirements is based on the declarations made by the Directors and the members of the Audit Committee and will be verified at the next meeting of the competent corporate bodies in accordance with the applicable provisions.

The information on the Board of Directors, including the members of the Audit Committee, 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 and members of the Audit Committee is in Milan, 20154, Piazza Gae Aulenti 3, Tower A.

Other principal activities performed by the members of the Board of Directors and of the Audit Committee 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
- Chair of the Capital Markets Union technical Committee of ABI – Italian Banking Association
- Member of the Institut International d’Etudes Bancaires
- Chair of the High Level Group on Financing Sustainability Transition
- Vice Chair and 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
- Chair 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 “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 Debt)

- Vice Chair 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
- Member of the Advisory Committee for EMU Lab at European University Institute
- Distinguished Fellow of the Centre for International Governance Innovation (CIGI)

***Andrea Orzel***

- Non-executive Director of EIS Group Ltd
- Chair of the Supervisory Board of UniCredit Bank GmbH
- Chair of the UniCredit Foundation

***Elena Carletti***

- Full Professor of Finance, Bocconi University, Department of Finance
- Director of the “Banking, Finance and Regulation” Unit, Baffi Center for Applied Research – Bocconi University
- Dean for Research – Bocconi University
- Director of Center for European Policy & Research (CEPR) and of the Research Policy Network (RPN)
- Research Professor, Bundesbank
- Scientific Advisor, European University Institute, Florence School of Banking and Finance (FBF)
- Member of Expert Panel on banking supervision, European Parliament
- Chair of the Scientific Committee, Bruegel

***Paola Bergamaschi***

- Member of the Board of Directors and of the Risk and Audit Committees of AIG Inc.
- Member of the Board of Directors, Chair of the Risk Committee and member of the Audit and Nomination Committees of BNY Mellon International
- Chair of the Advisory Board of Depository and Trust business of BNY Mellon International
- Member of the Advisory Board of Quantexa Ltd

***Paola Camagni***

- Founder and Managing Partner of “Camagni e Associati” tax firm
- Independent member of the Board of Directors, member of the ESG and of the Remuneration and Nomination Committees of Telecom Italia (TIM) S.p.A.
- Independent member of the Board of Directors of FSI SGR S.p.A.
- Chair of the Board of Statutory Auditors of Mozambique Rovuma Venture S.p.A.
- Statutory Auditor of Azule Energy Angola S.p.A.
- Chair of the Board of Statutory Auditors of A.G.I. Agenzia Giornalistica Italia S.p.A.
- Statutory Auditor of CNP UniCredit Vita S.p.A. and member of the relevant Watch structure (OdV)
- Statutory Auditor of CNP Vita Assicura S.p.A. and member of the relevant Watch structure (OdV)

***Vincenzo Cariello***

- Founding and Name Partner Studio Legale Professor Cariello
- Member of the Board of Directors, Chair 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

***Marcus Johannes Chromik***

*None*

***António Domingues***

- Non-executive Director and member of the Remuneration Committee of Banco CTT
- Non-executive Director, Chair of Risk Committee and member of the Corporate Governance Committee of Haitong Investment Bank S.A.

***Julie Birgitte Galbo***

- External lecturer at the Board Academy, Board Leadership Society, Copenhagen Business School
- Chair of the Board of Gro Capital
- Chair of the Board of Trifork AG
- Member of the Board of Directors, of the Audit and of the Risk & Compliance Committees of Commonwealth Bank of Australia
- Member of the Board of Directors, of the Audit and of the Risk Committees of DNB Bank ASA
- Senior Advisory, EU AML/CFT Global Facility

***Jeffrey Alan Hedberg***

*None*

***Beatriz Ángela Lara Bartolomé***

- Sole Director of AHAOW Moment S.L.
- Member of the Board of Directors and member of the Digital Transformation Advisory Board of FINCOMÚN S.A.
- Chair of the Board of Directors of Chapter Zero Spain, Universidad de Navarra
- Seed Investor & Strategy Advisor at ZELEROS Hyperloop
- Investor & Senior Advisor at OPINNO
- Investor & Strategy Advisor at Bound4Blue
- Mentor at Startup Lab, International MBA, IE Business School
- Mentor at EXSIM (Executive Simulation Lab), International MBA, IESE Business School and at Startup Lab, IMBA, IE Business School

***Maria Pierdicchi***

- Board Member of NED COMMUNITY
- Board Member of Aidexa Holding
- Board Member of HUBLAB Eccellenze d'impresa S.r.l.
- Board Member of EcoDa (European Federation of Directors Institutes)

***Marco Rigotti***

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

***Francesca Tondi***

*None*

***Gabriele Villa***

- Founder and Partner, Studio Corbella Villa Crostarosa Guicciardi
- Statutory Auditor of Edison S.p.A.
- Statutory Auditor of Italmobiliare S.p.A.
- Statutory Auditor of TdE – Transalpina di Energia S.p.A.
- Chair of Fondazione Accademia Arti e Mestieri del Teatro della Scala

**Audit Committee**

As described above, pursuant to the provisions of the UniCredit Articles of Association, on 12 April 2024 the Shareholder' Meeting of UniCredit appointed the Audit Committee (established within the Board), which is comprised as follows:

| <b>Name</b>                       | <b>Position</b>                            |
|-----------------------------------|--|
| Marco Rigotti <sup>1-2</sup>      | Director and Chair of the Audit Committee  |
| Paola Camagni <sup>1-2</sup>      | Director and member of the Audit Committee |
| Julie Birgitte Galbo <sup>1</sup> | Director and member of the Audit Committee |
| Gabriele Villa <sup>1-2</sup>     | Director and member of the Audit Committee |

Notes:

<sup>(1)</sup> Meets the independence requirements pursuant to Section 148 of the Financial Services Act and the Italian Civil Code, Section 14 of the Treasury Decree no. 169 dated 23 November 2020 and Section 2, recommendations 7 and 9, of the Italian Corporate Governance Code.

<sup>(2)</sup> Is enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance.

As at the date of this Base Prospectus, the information on the fulfilment of the independence requirements is based on the declarations made by the members of the Audit Committee and will be verified at the next meeting of the competent corporate body in accordance with the applicable provisions.

## **4.2 Conflicts of Interest**

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

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

activities and conflicts of interest of banks and banking groups with associated persons (Supervisory Regulations for the banks).

In accordance with the said latest provisions, UniCredit has adopted specific policies and procedures in order to ensure, between the others, the transparency and the material and procedural correctness of the transactions with related parties or with associated persons, directly or through controlled companies. For information on related-party transactions, please see Part H of the Notes to the consolidated financial statements of UniCredit as at 31 December 2023, incorporated by reference herein.

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

- The sub-paragraph “*Information related to the shareholder structure of the Issuer*” of the paragraph titled “*Major Shareholders*” on page 338 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

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

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

| <b>Major Shareholders*</b> | <b>Ordinary Shares</b> | <b>% owned</b>       |
|----------------------------|------------------------|----------------------|
| BlackRock Group            | 114,907,383            | 6.832 <sup>(1)</sup> |
| Allianz Group              | 69,622,203             | 4.140                |

(1) non-discretionary asset management

\* The table shows the information notified by the shareholders pursuant to Article 120 of the Financial Services Act following the update disclosed on the CONSOB website on 3 April 2023.

The percentages here indicated are calculated on the number of shares representing the updated share capital as at the date of this Base Prospectus, which takes into account the cancellation of treasury shares carried out on 26 March 2024.

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

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

- The sub-paragraph “*Legal and arbitration proceedings*” of the paragraph titled “*Legal and arbitration proceedings*” on pages 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 31 December 2023, the Companies were named as defendants in 47,560 legal proceedings, of which 6,815 involving the Parent Company UniCredit S.p.A. (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group Companies).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 31 December 2023, the UniCredit Group set aside a provision for risks and charges of Euro 576.46 million, of which Euro 252.6 million for the parent company UniCredit S.p.A.. As of 31 December 2023, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 7.9 billion, of which approximately Euro 5.4 billion for the proceedings involving the parent company UniCredit S.p.A. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

In a greater detail, it mainly deals with:

### **Madoff**

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

Specifically, the Companies (together with a variety of other entities) were named as defendants in a variety of proceedings (both in the US and in non-US jurisdictions), for a total damage compensation claims of over \$6 billion (to be later determined over the course of the proceedings).

At present, most of the claims brought before US Courts and referring to the Companies have been rejected without any possibility of appeal or dismissal. However, the bankruptcy administrator of BLMIS (the **SIPA Trustee**) responsible for the Madoff's company liquidation continues to pursue claims related to transfers of money made by BLMIS pre-bankruptcy to an affiliated company, BA Worldwide Fund Management Ltd (**BAWFM**), and other similarly situated parties. The potential claim for damages against BAWFM is non-material and, therefore, there are no specific risk profiles for the Companies.

In addition, certain current or formerly affiliated persons named as defendants in a proceeding in the United States may seek indemnification from the Companies and its affiliated entities.

As at 31 December 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 GmbH (formerly UniCredit Bank AG) (UCB) by the parent company UniCredit S.p.A. and the related Group reorganization**

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

In 2008, approximately 300 former minority shareholders of UCB 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, 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 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, one contentious proceeding in which the plaintiff claims damages is 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 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 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. The parent company UniCredit S.p.A. and UCB 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 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 and UniCredit Capital Markets LLC, without prejudice. Plaintiffs filed their fourth amended class action complaint on 9 February 2021, repleading their claim against UCB 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's motion to dismiss. The court has since denied UCB's motion for reconsideration, UCB 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 among others (but not UniCredit Capital Markets LLC) as a defendant. UCB 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 mid April 2024.

### **Claims in relation to guarantee payments and sanctions**

In August 2023, UCB was named as a defendant in a lawsuit pertaining to guarantee claims totaling approx. Euro 444 million commenced by a Russian energy company before a court in Saint Petersburg, Russia. UCB had issued part of a guarantee package in favour of the Russian company on behalf of a German guarantee client. The Russian company had drawn down the guarantees by making payment claims to UCB, which UCB could not fulfil under the applicable EU sanctions. The guarantees are governed by English law and contain an arbitration agreement providing for ICC arbitration seated in Paris. On 29 January 2024, the English Court of Appeal reversed an earlier decision denying a permanent anti-suit injunction (**ASI**) and granted a final ASI requiring the Russian company to immediately take all steps necessary to withdraw the Russian proceedings. On 12 February 2024, the UK Supreme Court granted the Russian company permission to appeal staying the effects of the permanent ASI, but continuing the prohibitory injunction preventing the Russian company from taking any steps to progress the Russian proceedings. A hearing before the Supreme Court is expected to take place in April. The Russian court has rejected UCB's jurisdictional defenses and scheduled the next hearing for the second quarter of 2024.

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

On 31 July 2014, the Supervisory Board of UCB 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.

In this context, criminal investigations have been conducted against current or former employees of UCB and UCB itself as an ancillary party by the Prosecutors in Frankfurt / Main, Cologne and Munich. With respect to UCB, 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 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 Issuer in the sourcing of cum/ex transactions of other market participants on the ex-day is suspected. The facts are being examined internally. UCB 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 17 November 2022 and 20 September 2023, the BGH confirmed two criminal judgements in other cum/ex cases of the Regional Court of Bonn, thus further solidifying its case law. UCB is monitoring the development.

In June 2023, the Munich tax authorities completed a regular field audit of UCB 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 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 appealed against the tax assessments for 2013 to 2015, which were amended based on the findings of the tax audit regarding cum/cum transactions. Moreover, with respect to cum/cum transactions in which the counterparty of UCB claimed tax credits in the past, it cannot be ruled out that UCB might be exposed to third party claims under civil law.

UCB has made provisions.

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

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

In this regard, as at 31 December 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 924 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 340 million, mediations included) and the German market (for which the claimed amount against UCB was Euro 12 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around Euro 236 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 (standing confirmed by the Constitutional Court in March 2021). 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 in the court case against Zagrebacka banka d.d. (**Zaba**) taking the stand that the Directive on unfair terms in consumer contracts is not applicable in cases in which the conversion was based on national law (as it was in Croatia). The ECJ also referred to the local Croatian courts to decide on the conversion agreements and their effects. 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. Due to the court practice related to FX matters, since 2019, there was a significant increase in the number of new lawsuits against Zaba. Statute of limitation for filing individual lawsuits in respect of the invalidity of the Swiss franc currency clause expired on 14 June 2023. Considering all the above, provisions have been booked which are deemed appropriate.

## VIP 4 Medienfonds

Various investors in Film & Entertainment VIP Medienfonds 4 GmbH & Co. KG to whom UCB issued loans to finance their participation, brought legal proceedings against UCB. In the context of the conclusion of the loan agreements, the plaintiffs claim that the Issuer 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'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, 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 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.

Meanwhile, 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. 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. Based on this report, in December 2023 the Court rendered a first partial judgement on the investors' prospectus liability claims, in which it confirmed the legal position of UCB Austria and the other issuing banks that the prospectuses were correct and complete, thus fully rejecting the investors' claims based on prospectus liability. The investors can appeal against this decision. An appeal is very likely. Therefore, the final outcome of the lawsuits cannot be assessed as of yet.

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 Herzegovina.

On 30 December 2021, the first instance court adopted most of Bitminer's claims and ordered UCBL to pay damages in the amount of BAM 256,326,152 (approx. 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 Issuer 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. In January 2024 the Court of Rome ruled in favour of the Issuer, fully dismissing the claims by the plaintiffs, who may now appeal.

#### **Giovanni Lombardi Stronati**

In June 2023 Mr Giovanni Lombardi Stronati commenced proceedings before the Court of Rome seeking a declaration that the Issuer 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. Following the first hearing of September 2023, the Court is due to decide on the alleged liability of the Issuer in the second quarter of 2024, leaving the issue of the calculation of the alleged damages for a potential further phase of the case.

#### **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 Issuer. 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 Issuer 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 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 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 Euro 384 million. The litigation is now pending before the Supreme Court after two degrees decisions favourable to the Issuer. 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 Issuer 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 Issuer 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 had 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 emerged that investigations for the administrative offence under Article No. 25-*octies* of Legislative Decree No. 231/2001 were pending against UniCredit for the crime of self-laundering.

On 2 October 2019, the Issuer had and certain individuals had received the notice of conclusion of the investigations pursuant to Article 415-*bis* of the Italian Code of criminal procedure. The notice had 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 Issuer 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 pertained to the offence of fraud. Such new allegations did not modify the overall investigative framework as per the notice served in the autumn of 2019. In June 2021 the public prosecutor had 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, was back at the investigations stage. The interim seizures of Euro 33 million and Euro 72 thousand ordered in February 2019 were lifted.

In February 2023, the Prosecution Office of Trieste requested the dismissal of the case against the individuals and dismissed the case against the Issuer with reference to the charge of self-laundering. The measure was approved by the General Prosecution Office at the Court of Appeal of Trieste, so the investigation against the Issuer 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 31 December 2023, UniCredit received reimbursement requests for a total amount of about Euro 416 million (cost originally incurred by the Clients) from No. 12,465 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 416 million), UniCredit reimbursed No. 12,048 customers for about Euro 408 million (equivalent value of original purchases), equal to about 98 per cent of the reimbursement requests said above.

#### *Proceedings related to Tax matters*

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

- UniCredit, as the acquirer of PIONEER GLOBAL ASSET MANAGEMENT S.P.A. – started a litigation following a tacit refusal to grant IRAP a refund on dividends in respect of the 2014 tax year - value Euro 2.6 million. The Tax Court of I° of Milan, in a ruling filed on 14 September 2023, rejected the Issuer's appeal with an order to pay the costs of litigation. The Issuer will appeal the judgment within the terms of the law.

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

With reference to 31 December 2023, the following information are reported:

- The lawsuit instituted by UniCredit following the partial denial opposed to the IRES refund application in relation to tax years 2007, 2008 and 2009, total value €1,9 million, was concluded unfavorable at first instance. The Issuer appealed against the first instance ruling. On 19 December 2023, the discussion hearing before the CGT of 2nd instance of Lombardia was held. To date, we are awaiting the filing of the relevant judgment.
- In relation to the judgments introduced by the former "Cassa di Risparmio di Torino" (later UniCredit) against the silence-refusal formed on the application for reimbursement of the IRPEG credit and ILOR credit for the year 1984, total value €3.4 million, the Supreme Court, by order filed on 5 November 2021, upheld the appeals of the State Attorney's Office, ordering the referral to the Turin CTR; the Issuer resumed the judgment. On 11 July 2023, the hearing was held before the CGT II° degree of Piedmont. As of today, we are awaiting the filing of the judgment.
- For the disputes instituted in 2008 by UniCredit S.p.A., as the incorporating company of Banca Popolare del Molise, for the recovery of IRPEG-ILOR tax credits for the years 1983,1985 and 1986, litigation value 1.66 million, the Agenzia delle Entrate, on 12 December 2023, notified the appeal for Cassation against the judgment of the CGT II° degree of Molise filed on 6 December 2022, invoking Art.327 c.p.c, in the version applicable *ratione temporis* before the reform referred to in article 46, Paragraph 17, of Law No.69 of 18 June 2009, that is, applying for the appeal the annual long term instead of the six-month term introduced by the aforementioned law. The Issuer will constitute itself in court.

Regarding the litigations concerning tax refund claims filed by Banca Farmafactoring S.p.A. and referred to UniCredit following the exercise by Banca Farmafactoring of the right to transfer back the receivables previously transferred to it by UniCredit, the following is reported:

- denial of reimbursement of 1989 IRPEG credit of the former Cassa di Risparmio Reggio Emilia, value €1.89 million for IRPEG and €1,82 million for interest: the Emilia Romagna CTR, in a ruling filed on 3 January 2022, rejected the Office's appeal, confirming the Issuer's right to reimbursement of €1.9 million. The Office appealed to the Supreme Court and the Issuer filed a counter-appeal with cross-appeal. Awaiting scheduling of hearing.
- denial of reimbursement of 1997 IRPEG credit of the former Banca di Roma S.p.A. total amount €43,5 million: the CGT of 2nd instance of Lazio dismissed the appeal of the Issuer, which challenged this ruling both in the Supreme Court and by appeal for revision before the same Court of Justice of 2nd instance of Lazio. Pending the scheduling of the respective hearings for processing.
- denial of refund of IRPEG credit years 1994-1997 and ILOR 1996, value €31 million of the former Banca Mediterranea S.p.A.: at the hearing of 22 October 2021, the Basilicata CTR ordered the Agenzia delle Entrate to file the Trial Proceedings that gave rise to the notices of assessment indicated in the court documents and relating to the tax periods in which the credits at issue were allegedly realized and indicated in the tax returns. The hearing of the case was held on 24 June 2022. The judgment has not yet been filed.



In relation to the settled litigations, it should be noted that the litigation brought by UniCredit against the express refusal of the repayment of the IRES paid in excess for the year 2007, litigation value €4.97 million, ended with a judgment of the Supreme Court filed on 7 November 2023, which definitively dismissed the Issuer's appeal.

In relation to the litigation brought by UniCredit as acquirer of Banco di Sicilia S.p.A., adverse notice of assessment IRPEG/IRAP year 2002, value of litigation €5.28 million, the Supreme Court, with judgment filed on 26 September 2023, accepted the appeal brought by the Office and referred the judgement to the CGT of II° Sicily. The Issuer is considering whether to resume the judgment within the time limits required by law.

Regarding the judgments brought by UniCredit as the assignee of Palmaria s.c.r.l., against the silent refusal of the applications for repayment of the IRPEG credit for various tax years, the total value of the litigation was €8.59 million, the Cassation, by several judgments filed during the year, finally dismissed the Office's appeals and established the Issuer's right to repayment of the disputed claims.

In relation to the application for compliance with the judgment n.178/7/2012 by which the Provincial Tax Commission of Palermo had recognised the right of the Issuer to the refund of the additional interest accrued and accruing on the IRPEG credit tax year 1995 repaid in 2009, value of litigation €1.9 million, the Office granted the refund on 31 July 2023 and at the hearing of the dispute pending before the CGT of first degree of Palermo held on 29 September 2023 declared the discontinuance of the matter in dispute with compensation for the litigation expenses.

In relation to the litigation concerning the role and collection notice concerning IRAP Regione Veneto e Toscana tax year 2003, value of litigation €3.56 million, on 18 December 2023, following the judgment n.1063/2023 of the CGT of II° Instance of Emilia-Romagna, which upheld the appeal of the Issuer, the Agenzia delle Entrate reimbursed the amount of €3.567.579,00.

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 21 February 2024, the Italian Personal Data Protection Authority notified UniCredit of a Euro 2.8 million fine related to the sanctioning proceeding opened in February 2020 and regarding a violation of customers' personal data following a Cyber-attack (data breach) occurred in October 2018. The Issuer has presented a recourse."

- The sub-paragraphs "*Share Capital*" and "*Memorandum and Articles of Association*" of the paragraph titled "*Additional Information*" on page 348 of the Base Prospectus, are deleted in their entirety and replaced as follows:

#### **“7.1 Share Capital**

As at the date of this Base Prospectus, UniCredit's share capital, fully subscribed and paid up, amounted to Euro 21,367,680,521.48, comprising 1,681,835,671 ordinary shares without nominal value.

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

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

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

The current Articles of Association was filed with the Company Register of Milano-Monza-Brianza-Lodi on 12 April 2024.

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

## ***General Information***

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

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

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

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

Except for what reported 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 2023.

There has been no significant change in the financial performance of the Group since 31 December 2023 to the date of this Base Prospectus.

*Significant change in the Issuer’s financial position*

Except for what reported 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 31 December 2023.”

- The paragraph “*Litigation*” on page 380 of the Base Prospectus shall be deleted in its entirety and replaced as follows:

### **“LITIGATION**

Except as disclosed in this Base Prospectus in section “*Legal and arbitration proceedings*” and “*Proceedings connected with Supervisory Authority Measures*”, and in the 2023 UniCredit Annual Report and Accounts from page 516 to page 523, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Base Prospectus which, according to the information available at present, may have or have had in such period a significant effect on the financial position or profitability of the Issuer or the Group.”

- The paragraph “*External Auditors*” on pages 380-381 of the Base Prospectus shall be deleted in its entirety and replaced as follows:

### **“EXTERNAL AUDITORS**

UniCredit’s annual financial statements must be audited by external auditors appointed by its shareholders, under reasoned proposal by UniCredit’s Board of Statutory Auditors. The shareholders’ resolution and the Board of Statutory Auditors’ reasoned proposal are communicated to CONSOB. The external auditors examine UniCredit’s annual financial statements and issue an opinion regarding whether its annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation; which is to say whether they are clearly stated and give a true and fair view of the financial position and results of the Group. Their opinion is made available to UniCredit’s shareholders prior to the annual general

shareholders' meeting. Since 2007, following a modification of the Financial Services Act, listed companies may not appoint the same auditors for more than nine years.

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

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

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

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

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

KPMG has carried out the review of the condensed interim consolidated financial statements of UniCredit Group as at 30 June 2023 and 30 June 2022, and has audited and issued unqualified audit opinions – incorporated by reference in this Base Prospectus – on the consolidated financial statements of the UniCredit Group and on the financial statements of the Issuer for the year ended on 31 December 2023 and 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, 2022 and 2023.”

## 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 material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

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

In accordance with Article 23(2) of the Prospectus Regulation, investors who have agreed to purchase or subscribe for Notes issued under the Programme before this Supplement is published have the right, exercisable before the end of the period of three working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire by close of business on 19 April 2024. 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.