**SECOND SUPPLEMENT DATED 11 NOVEMBER 2024**

**TO THE BASE PROSPECTUS DATED 10 MAY 2024**

**UNICREDIT S.p.A.**

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

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

This supplement (the **Supplement**) to the base prospectus dated 10 May 2024, as supplemented by the first supplement dated 7 August 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 €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) "*Documents Incorporated by Reference*", to incorporate by reference some sections of the unaudited consolidated interim financial results of the UniCredit Group in respect of the nine months ended 30 September 2024 and 30 September 2023; (iii) "*Description of UniCredit and the UniCredit Group*"; and (iv) "*General Information*".

***Risk Factors***

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

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

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

The market environment in which UniCredit operates continues to be affected by high levels of uncertainty for both the short and the medium-term outlook. The economic consequences stemming from the geopolitical 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, with inflation building 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. Subsequently, from 2023, inflation started to record a declining path and, to support economy, ECB started to revert monetary policy (DFR lowered to 375 bps in June 2024, to 350 bps in September 2024 and to 325 bps in October 2024) with currently a more dovish approach. The outlook is still surrounded by risks, *inter alia*, due to: some weaknesses in indicators of economic activity, financing conditions still restrictive, geopolitical tensions enhancement with potential impact on commodity/energy prices, a potential upsurge in the ongoing Russia-Ukraine conflict and / or an intensification of the tensions in the Middle East and the financial markets volatility. 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.

UniCredit's LLP in 9M24 amounted to Euro 283 million increased by 14.0 per cent. 9M/9M. Therefore, the cost of risk increased by 1 bps 9M/9M to 9 bps in 9M24.

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, Consolidated Financial Statements of UniCredit as at 31 December 2023, the UniCredit Unaudited Consolidated Interim Report as at 30 September 2024 – Press Release.

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

In details:

- In 4Q23, NII stood at Euro 3.6 billion, up 0.3 per cent. Q/Q, and up 5.7 per cent. 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 per cent. compared to FY22.
- In 4Q23, fees stood at Euro 1.8 billion, up 1.3 per cent. Q/Q mainly thanks to higher financing fees in Italy and down 0.6 per cent. 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 per cent. Y/Y. As at FY23 Fees stood at Euro 7.5 billion, down by 2.1 per cent. compared to FY22.
- In 4Q23, trading income stood at Euro 360 million, down 27.9 per cent. Q/Q and down 15.7 per cent. 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 per cent. compared to FY22.

In 3Q24, total revenues stood at Euro 6.1 billion, down 2.9 per cent. Q/Q, driven by some seasonality on fees at Euro 1.9 billion (-8.3 per cent. Q/Q), mitigated by higher dividends and a resilient NII at Euro 3.6 billion (flat Q/Q). Total revenues were up 2.9 per cent. Y/Y, driven by fees (+8.5 per cent. Y/Y) partially offset by NII (-1.0 per cent. Y/Y) and trading (-7.7 per cent. Y/Y).

In details:

- NII stood at Euro 3.6 billion in 3Q24, flat Q/Q, notwithstanding a lower average Euribor and lower loan volumes, compensated by higher calendar days in the quarter and with a continued effective management of the pass-through at c. 32 per cent. average in the quarter. NII was down 1.0 per cent. Y/Y driven by lower market rates (3M Euribor average) and lower loan volumes almost entirely offset by higher customer loan rates and the contribution from non-commercial items, including the structural hedge on core deposits. The Group's prioritisation of quality and profitable clients and segments continues to result in a superior and capital generative net NII[1].
- Fees stood at Euro 1.9 billion in 3Q24, down 8.3 per cent. Q/Q due to among others, seasonality in investment fees and in financing and advisory fees especially in Germany, as well as to lower current account and payment fees. Fees were up 8.5 per cent. Y/Y mainly thanks to higher investment fees especially in Italy as well as to strong advisory financing fees in Italy and Germany, reflecting the past years' investments and a more supportive macro economic environment. Excluding the impact of larger securitisation costs fees are up almost 9 per cent. Y/Y.
- Trading income stood at Euro 441 million in 3Q24, down 6.2 per cent. Q/Q mostly driven by negative valuation adjustments (down 48 million Q/Q). Trading income was down 7.7 per cent. Y/Y or down 0.3 per cent. excluding the impact from the Commerzbank investment.

As recently highlighted by ECB (in September 2024), the euro area economy growth recovered in the first half of 2024 amid a boost from net trade but the latest indicators suggest growth will continue in the short run but at rates lower than expected in June 2024 by Eurosystem staff projections. Real disposable income should continue to increase, supported by robust wage growth, but the impulse from

[1] Stated NII net of LLPs.

consumption is expected weaker than previously foreseen. Also data on business investment suggest weaker momentum, despite the positive impact of the future path of interest rates. Over the medium term the productivity is expected to pick up. Overall, annual average real GDP growth is expected to be 0.8 per cent. in 2024 and to reach 1.3 per cent. in 2025 and 1.5 per cent. in 2026. Compared with the June projections, the outlook for GDP growth has been revised marginally down for each year of the projection horizon. Annual average inflation is expected to decrease to 2.5 per cent. in 2024, 2.2 per cent. in 2025 and 1.9 per cent. in 2026. Compared with the June 2024 staff projections, the outlook for inflation remains unchanged.

In the context of persisting uncertainty, UniCredit Group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of the Consolidated First Half Financial Report as at 30 June 2024. In particular, in addition to the "Base" scenario, which reflects the expectations considered most likely concerning macro-economic trends, an "Alternative" scenario has been outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). Such updated scenarios were applied for the valuation of credit exposure and deferred tax assets (DTA).

With reference to deferred tax assets, for the purposes of the Consolidated First Half Financial Report as at 30 June 2024, the following analyses were performed with reference to the Italian Tax Perimeter (which accounts for the significant majority of the DTAs): (i) analysis of the evolution of the macroeconomic scenarios highlighted above compared to the scenario underlying the valuation process at 31 December 2023; (ii) comparison between the actual profit before taxes and the budget underlying the test executed in December 2023; (iii) confirmation of the validity of the additional methodological assumptions (reference tax legislation, perimeter of companies, volatility of the parameters underlying the model and reversal timeline of non-convertible DTAs) used in the valuation process.

With reference to the credit exposures as at 30 June 2024, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated according to the Group policies, on the basis of the scenarios highlighted above. Considering the persistent level of uncertainty, the overall blended probability did not consider the positive scenario (whose weighting was kept at 0 per cent.), in coherence with the fourth quarter 2023; the Base scenario was set at 60 per cent. and the Adverse scenario at 40 per cent..

For further information in relation to macroeconomic scenario adopted for the evaluation of the credit exposures and for the DTAs sustainability test, as well as the analysis performed, please see the Consolidated First Half Financial Report as at 30 June 2024: Notes to the consolidated accounts - Part A Accounting policies – A1 General – Section 2 General preparation criteria.

In light of continuing uncertainties, specific analyses were performed in the third quarter of 2024 with the aim to evaluate whether the scenarios used as at 30 June 2024 - for the purposes of the evaluation process of the DTAs and credit exposures subject to valuation uncertainties - were still valid or, conversely, which adjustments should have been put in place to reflect the updated economic environment. The assessment also leveraged on an updated macro-economic scenario developed by UniCredit research. The outcome of such analysis has shown that scenarios used for June 2024 valuations are considered still adequate for 30 September 2024 valuation purposes.

For further information in relation to the mentioned analyses related to the credit exposures and for the DTAs sustainability test please see the Unaudited Consolidated Interim Report as at 30 September 2024 – Press Release – Basis of Preparation.

On 9 December 2021 UniCredit presented to the financial community the 2022-2024 Strategic Plan, which included a set of strategic and financial objectives that considered the underlying scenario and resulted from the assessment performed at that time.

The macro assumptions underlying the Strategic Plan excluded unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening/resurge of the COVID-19 pandemic, situations that UniCredit has been monitoring closely[2].

For further information on the risks associated with the Strategic Plan, see Risk Factor 1.1.2 "*Risks connected with the Strategic Plan 2022 – 2024*".
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[3] with materially increased and growing shareholder distributions[4], consisting in cash dividends and share buybacks, while maintaining a robust CET1 ratio.

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

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

[3] Organic capital generation means CET1 evolution deriving from (i) stated net profit excluding DTA from tax loss carry forward contribution and (ii) RWA dynamic net of regulatory headwinds.

[4] Shareholder distribution subject to supervisory & shareholder approvals and inorganic options.

the combination of its countries was expected to deliver GDP growth[5] above the Eurozone average over the course of the Plan, helped by its Central and Eastern European positioning; (iii) Central and Eastern Europe loan growth was expected at a multiple of GDP due to the relatively low maturity of the market; (iv) UC countries had theoretical access to approximately 50 per cent. of the overall fund disbursement of the Recovery and Resilience Fund allocation.

The macro assumptions underlying the Strategic Plan disclosed in December 2021 excluded unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening/resurge of the COVID-19 pandemic, situations that UniCredit has been monitoring closely[6].

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 including from active portfolio management; RWAs expected to decrease over the course of the Plan as active portfolio management more than offsets impact of organic growth and expected regulatory headwinds, as well as 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[7] from net profit and RWA evolution.

On 24 July 2024, UniCredit presented Group results for 2Q24 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

[5] Average of yearly changes.

[6] 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.

[7] Shareholder distribution subject to supervisory & shareholder approvals and inorganic options.

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 became more dovish with changes in interest rates trend, as the reversal in DFR trend of June 2024 may signal. 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 9M24, reflecting UniCredit's historically prudent approach on classification and provisioning, the cost of risk, is 9 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 <u>Credit risk and risk of credit quality deterioration</u>*

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

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

With regard to "non-traditional" credit risk, the UniCredit Group negotiates derivative contracts and repos on a wide range of products, such as interest rates, exchange rates, share prices/indices, commodities (precious metals, base metals, oil and energy materials), both with institutional counterparties, including brokers and dealers, central counterparties, central governments and banks, commercial banks, investment banks, funds and other institutional customers, and with non-institutional Group customers. These operations expose the UniCredit Group to the risk of counterparty, which is the risk that the counterparty may become insolvent before the contract matures, not being able to fulfil its obligations towards to the Issuer or one of the other Group companies.

As at 30 September 2024, Group gross NPEs were down by 1.6 per cent. Y/Y and up by 0.8 per cent. Q/Q to Euro 11.8 billion in 3Q24 (while as at 30 June 2024 they were equal to Euro 11.7 billion) with gross NPE ratio of 2.7 per cent. (flat Y/Y and Q/Q).

As at 30 September 2024, Group Net NPEs stood at Euro 6.2 billion broadly stable compared to 30 June 2024 which attested at Euro 6.2 billion (Group Net NPE ratio stable compared to 30 June 2024 and is equal to 1.4 per cent.).

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

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

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

Starting from the year 2015 the overall reduction of the Group NPE amounted to about Euro 66 billion, moving from Euro 77.8 billion of 2015 to Euro 11.8 billion of 3Q24 (Euro 11.7 billion of 2023). 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 increased by 14.0 per cent 9M/9M to Euro 283 million in 9M24. Therefore, the cost of risk increased by 1 bps 9M/9M to 9 bps in 9M24. The Group maintained the amount of overlays on performing exposures at circa Euro 1.7 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, the consolidated Financial Statements of UniCredit as at 31 December 2023 and the UniCredit Unaudited Consolidated Interim Report as at 30 September 2024 – Press Release."

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

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

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

With reference to the Group's sovereign exposures, the book value of sovereign debt securities as at 30 September 2024 amounted to Euro 117,779 million (as at 31 December 2023 it amounted to Euro 108,256 million), of which about the 77 per cent. was concentrated in eight countries, including: Italy with Euro 42,096 million (at 31 December 2023 it amounted to Euro 41,100 million), representing about 36 per cent. of the total (about 38 per cent. at 31 December 2023) and over 5 per cent. of the Group total assets (over 5 per cent. as at 31 December 2023); Spain with Euro 15,716 million; Germany with Euro 7,522 million; Japan with Euro 6,360 million; United States of America with Euro 6,122 million; France with Euro 4,907 million; Austria with Euro 3,787 million and Czech Republic with Euro 3,665 million.

As at 30 September 2024, the remaining 23 per cent. of the total sovereign exposures in debt securities, equal to Euro 27,604 million as recorded at the book value, was divided between 32 countries, including: Romania (Euro 2,893 million), Bulgaria (Euro 2,540 million), Croatia (Euro 2,417 million), Hungary (Euro 1,899 million), Slovakia (Euro 1,236 million), Poland (Euro 1,050 million), Portugal (Euro 1,003 million), Serbia (Euro 901 million), China (Euro 727 million), Ireland (Euro 709 million) and Russia (Euro 634 million).

With respect to these exposures, as at 30 September 2024, 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 and classified in the banking book.

Note that the aforementioned remaining of the sovereign exposures held as at 30 September 2024 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 9,659 million (as at 31 December 2023 it amounted to Euro 5,842 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 24,368 million as at 30 September 2024 (as at 31 December 2023 it amounted to Euro 24,852 million)."

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Liquidity Risk”*, on pages 30-31 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 September 2024, the LCR of the Group was equal to 145 per cent., whereas at 30 June 2024 was equal to 146 per cent. (calculated as the average of the 12 latest end of month ratios). As of September 2024, the NSFR was above 125 per cent..

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 the geopolitical uncertainty impacted the Group operations in the different countries of its perimeter. Despite the overall liquidity situation of the Group is safe and under constant control, the evolution of the events might amplify the risks described above.

An important mitigating factor to these risks are the contingency management policies in place in the Group system of rules.”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Risk related to the property market trends”*, on pages 31-32 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“*1.2.2* *<u>Risk related to the property market trends</u>*

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 30 June 2024 fair value of both properties held for investment and properties used in business was re-determined through external appraisals following the Group guidelines.

For the first half 2024, a negative effect for Euro -28 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 -13 million. In addition to this decrease, losses for Euro -8 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 -7 million gross of tax effect.

As at 30 September 2024, the Group performed an analysis on the real estate market and the status of the properties ("trigger analysis") aimed to evaluate whether the values determined as at 30 June 2024 were confirmed.

The trigger analysis performed did not reveal significant events causing impacts on the evaluation of real estate portfolio. As per the previous evaluation matters, it cannot be excluded that - within next reporting periods - the fair value of these assets might be different from the values presented as at 30 September 2024 because of possible evolutions of prices in the real estate market, which also depend on the evolution of the macro-economic scenario, including but not limited to the geo-political tensions.

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.

Moreover, as evolution of fair value measurement, the Group has introduced the periodical review of assets' useful life (at least at each financial year-end), based on periodical external appraisals, since it better reflects the real assets useful life and related depreciation, especially considering continuous enhancement/maintenance executed on instrumental properties."

- In the subsection "*Risks connected with the legal and regulatory framework*", the Risk Factor headed "*Basel III and Bank Capital Adequacy*", on pages 36-39 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

*"1.3.1* *<u>Basel III and Bank Capital Adequacy</u>*

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) and recently by CRD VI and CRR III (as both defined below). 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 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 June 2024, the Issuer shall comply, on a consolidated basis, with an MREL equal to 22.84 per cent. of Risk Weighted Assets (**RWA**) – plus the applicable Combined Buffer Requirement (**CBR**) – and 6.09 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 15.06 per cent. of RWA plus applicable CBR – and 6.09 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. The same O-SII buffer (i.e. 1.50 per cent.) should also apply from 1 January 2025.

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 (**CRR III**), 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 (**CRD VI**), the Commission also made some proposals on Environmental Social and Governance (ESG) Risks, Fit & Proper and Third-Country Branches. On 19 June 2024, the CRIII and the CRD VI were published in the Official Journal of the European Union and entered into force on 9 July 2024. 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.

*Capital Adequacy requirements*

The ECB is required under the Council Regulation (EU) No. 1024/2013 (the SSM Regulation establishing the Single Supervisory Mechanism (**SSM**)) to carry out a Supervisory Review and Evaluation Process (**SREP**) at least on an annual basis. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system.

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 September 2024[8]:

- Common Equity Tier 1 ratio: 10.10 per cent.;
- Tier 1 ratio: 11.97 per cent.;
- Total Capital ratio: 14.47 per cent.; and
- Leverage ratio: 3 per cent..

As of September 2024, the consolidated CET1 Capital, Tier 1 and Total Capital Transitional ratios were equal to, respectively, 16.24 per cent., 18.02 per cent. and 20.68 per cent. CET1 Transitional ratio was exceeding the relevant requirement by 604 bps (so called MDA buffer), after being reduced by ca. 10 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 September 2024, the CET1 ratio Fully Loaded, i.e. calculated without considering the benefit arising from IFRS 9 Transitional arrangements, was equal to 16.13 per cent. exceeding by 593 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 increased by 50 basis point, compared to December 2023, as the O-SII buffer replaces the, no more applicable, 1 per cent. G-SIB buffer.

As of September 2024, the Transitional Leverage Ratio was 5.57 per cent. exceeding the relevant requirement by 257 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:

[8] The reported OCR is based on the Countercyclical Capital Buffer as of September 2024. 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) is in line with 3 per cent. minimum, since no buffers are applicable as of September 2024.

- 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 during the course of 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. On 5 July 2024, the EBA published for informal consultation its draft methodology, templates and guidance for the 2025 EU-wide stress test. Some important changes are introduced to, inter alia, ensure a proper integration of the upcoming CRR III. A sample of 68 banks from the EU and Norway, including 54 from the euro area, will participate in the exercise.

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.

In this respect, on 12 April 2024 the Shareholders meeting has authorized the purchase of a maximum no. 200,000,000 of UniCredit S.p.A. shares, to be carried out, even in more transactions, within the earliest of: (i) the date which will fall after 18 (eighteen) months from the date of the authorization of the shareholders' meeting; and (ii) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2024. The request for authorization to purchase treasury shares was proposed by the Board of Directors as a part of the activities envisaged in the 2022-2024 strategic plan ("UniCredit Unlocked") presented to the market on 9 December 2021.

In particular, the following distributions were envisaged:

- a first distribution, for a maximum disbursement of Euro 3,085,250,000, relating to the residual part of the overall payout for the 2023 financial year (the **2023 SBB Residual**);

- a second distribution as an anticipation of the expected distributions for the 2024 financial year (the **2024 SBB Anticipation**), for an amount of Euro 1,700,000,000.

The shares purchased pursuant to the aforementioned programmes will be subject to cancellation.

The purchase programmes are subject to the prior permissions of the ECB.

In this respect, on 11 April 2024 the "2023 SBB Residual" buy-back programme has been entirely authorized by the ECB and executed in two tranches. The execution of a tranche for an amount of Euro 1,585,250,000 denominated "Second Tranche of the Buy-Back Programme 2023", was initiated on 9 May 2024 and completed on 20 June 2024. While the execution of the final tranche for a maximum amount of Euro 1,500,000,098.53, denominated "Third Tranche of the Buy-Back Programme 2023", was initiated on 21 June 2024 and completed on 19 August 2024.

Moreover, as disclosed on 13 September 2024, the "2024 SBB Anticipation" has been authorised by the ECB and the execution has been commenced on 16 September 2024. As of 1 November 2024, since the launch of the 2024 SBB Anticipation, UniCredit purchased no. 30,122,628 shares, equal to 1.84 per cent. of the share capital for a total consideration of Euro 1,164,619,096.96 (equal to 68.51 per cent. of the total amount of the 2024 SBB Anticipation). As of the same date, following the cancellation of the treasury shares on 26 June 2024, UniCredit holds a total of 72,365,603 treasury shares equal to 4.42 per cent. of the share capital.

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 <u>Evolution of banking prudential regulation</u>*

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

Notwithstanding the Issuer undertakes to comply with all the applicable statutory provisions, the risk of non-compliance with different legal and regulatory requirements, could lead to additional legal risk and financial losses, as a result of regulatory fines or reprimands, litigations, or reputational damage, and in extreme scenarios, to the suspension of operations or even withdrawal of authorization to pursue business.

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

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

On 19 June 2024, the CRR III and the CRD VI were published in the Official Journal of the European Union and entered into force on 9 July 2024. Save for certain exemptions, the majority of the CRR III provisions will be applied starting from 1 January 2025, with certain elements of the Regulation phasing in over the years. As other global jurisdictions have already deferred the implementation of the final Basel standards without a clear deadline, the European Commission Delegated Regulation 2024/2795/EU was published in the Official Journal of the EU on October 31, postponing the application of the market risk framework (i.e. the "Fundamental Review of the Trading Book" or shortly "FRTB") in the EU by one year, to January 1, 2026. Member States shall adopt and publish the CRD

VI implementing measures by 10 January 2026 and they shall apply those provisions from one day after its transposition date (i.e. 11 January 2026). For more information on the CRR III and the CRD VI, please see Section headed "*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 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. On 19 June 2024, the Council announced that it had agreed a negotiating mandate on the review of the CMDI. With this agreement, the Council is ready to engage in negotiations with the European Parliament on the final shape of this legislative package. The implementation of this proposal is subject to further legislative procedures but if it is implemented in its current form, this would confirm the outcome currently applicable under Italian law, whereby the Senior Notes (including Senior Preferred Notes) will rank junior to the claims of all depositors, including deposits of large corporates and other deposits.

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

- In the subsection "*Risks relating to Additional Tier 1 Notes*", the Risk Factor headed "*If the Issuer breaches the combined 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 53-57 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

*"1.4.6 <u>If the Issuer breaches the combined 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</u>*

Under Article 141 (Restrictions on distributions) of the CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to Common Equity Tier 1 and Additional Tier 1 instruments and variable remuneration to staff).

In addition, the BRRD II introduced in the BRRD Article 16a that clarifies the stacking order between the combined buffer requirement and the MREL requirements. 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 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 no "discretionary distributions" will be permitted to be paid.

As a consequence, in the event of breach of the combined 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 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 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:

| **Required minimum CET1 Capital ratio** | | |
|---|---|---|
| | **As at 30 September 2024** | **As at 31 December 2023** |
| Pillar 1 CET1 | 4.50% | 4.50% |
| Pillar 2 CET1 requirement | 1.13% | 1.13% |
| Combined capital buffer requirement | 4.47%[1] | 3.95%[1] |
| **OCR level** | **10.10%** | **9.58%** |

[1] 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 0.44 per cent. countercyclical capital buffer and 0.03 per cent. systemic risk buffer, as of 30 September 2024.

| **Required Minimum Tier 1 ratio** | | |
|---|---|---|
| | **As at 30 September 2024** | **As at 31 December 2023** |
| Pillar 1 CET1 | 4.50% | 4.50% |
| Pillar 1 Additional Tier 1[1] | 1.50% | 1.50% |
| Pillar 2 Tier 1 requirement | 1.50% | 1.50% |
| Combined capital buffer requirement | 4.47%[2] | 3.95%[2] |

| | | |
|---|---|---|
| **OCR level** | **11.97%** | **11.45%** |

[1] May be comprised of Additional Tier 1 or CET1.

[2] 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 0.44 per cent. countercyclical capital buffer and 0.03 per cent. systemic risk buffer, as of 30 September 2024.

| **Required Minimum Total Capital ratio** | | |
|---|---|---|
| | **As at 30 September 2024** | **As at 31 December 2023** |
| Pillar 1 CET1 | 4.50% | 4.50% |
| Pillar 1 Additional Tier 1[1] | 1.50% | 1.50% |
| Pillar 1 Tier 2[2] | 2.00% | 2.00% |
| Pillar 2 Total Capital requirement | 2.00% | 2.00% |
| Combined capital buffer requirement | 4.47%[3] | 3.95%[3] |
| **OCR level** | **14.47%** | **13.95%** |

[1] May be comprised of Additional Tier 1 or CET1.

[2] May be comprised of Tier 2, Additional Tier 1 or CET1.

[3] 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 0.44 per cent. countercyclical capital buffer and 0.03 per cent. systemic risk buffer, as of 30 September 2024.

As at 31 December 2022, 31 December 2023 and 30 September 2024, the consolidated capital ratios (CET1 Capital, Tier 1 and Total Capital ratios), are set out in the table below:

| **Capital ratios Transitional** | **31 December 2022** | **31 December 2023** | **30 September 2024** |
|---|---|---|---|
| CET1 Capital ratio | 16.68% | 16.14% | 16.24% |
| Tier 1 ratio | 18.65% | 17.84% | 18.02% |
| Total Capital ratio | 21.42% | 20.90% | 20.68% |

The transitional leverage ratio stated stood at 5.57 per cent. in 3Q24.

UniCredit is fully compliant with its MREL requirements[9] with a 3Q24 MREL ratio of 32.39 per cent. of RWA (of which 24.16 per cent. of subordinated components) and of 10.01 per cent. of Leverage Exposures (of which 7.47 per cent. of subordinated components) implying a buffer of 507 bps over the 27.31 per cent. RWA Requirement (of which 19.53 per cent. of subordinated components, leading to buffer of 463 per cent.) and a buffer of 392 bps over the 6.09 per cent. Leverage Exposures Requirement (of which 6.09 per cent. of subordinated components, leading to buffer of 138 bps).

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

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 a Maximum Distributable Amount (**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 and the combined 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 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 or the combined buffer requirement applicable to the Issuer and/or the Group will not be amended in the future to include new and more onerous requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Additional Tier 1 Notes.

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

In this regard following a public consultation procedure, on 26 April 2024, the Bank of Italy decided to apply a systemic risk buffer (**SyRB**) of 1.0 per cent. of exposures towards Italian residents weighted for credit and counterparty credit risks. The SyRB applies to all banks and banking groups authorised in Italy. The buffer rate is imposed gradually: 0.5 per cent. by 31 December 2024, and 1 per cent. (full rate) by 30 June 2025. The SyRB is to be applied at the highest level of consolidation for banking groups.

It should be remembered that, in accordance with the Recommendation of the European System Risk Board, the Bank of Italy has reciprocated the 2% SyRB buffer rate introduced by German Authorities on all exposures (both retail and non-retail) to natural and legal persons that are secured by residential real estate located in Germany applicable from 1 February 2023.

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.
Article 133 of the CRD V 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."

***Documents Incorporated by Reference***

***Unaudited consolidated interim financial results of the UniCredit Group in respect of the nine months ended 30 September 2024***

On 5 November 2024, the UniCredit Board of Directors approved the unaudited consolidated interim financial results of the UniCredit Group in respect of the nine months ended 30 September 2024 (the **Unaudited Consolidated Interim Report as at 30 September 2024 – Press Release**) which have been published on 6 November 2024 and are available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2024/november/3Q24_UniCredit_PR_ENG.pdf.

For comparative purposes, the Issuer wishes also to incorporate by reference the unaudited consolidated interim financial results of the UniCredit Group in respect of the nine months ended 30 September 2023 (the **Unaudited Consolidated Interim Report as at 30 September 2023 – Press Release**) which have been published on 24 October 2023 and are available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2023/3Q23_UniCredit_PR_ENG.pdf.

A copy of the Unaudited Consolidated Interim Report as at 30 September 2024 – Press Release and a copy of the Unaudited Consolidated Interim Report as at 30 September 2023 – Press Release have been filed with the *Commission de Surveillance du Secteur Financier* (**CSSF**). Copies of this Supplement and all the sections identified in the table below incorporated by reference in the Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agents for the time being in London as described on page 369 of the Base Prospectus. Copies of this Supplement and all the sections identified in the table below incorporated by reference in the Base Prospectus will also be published on the website of UniCredit (*www.unicreditgroup.eu*), as well as on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

By virtue of this Supplement, the sections of the Unaudited Consolidated Interim Report as at 30 September 2024 – Press Release and the sections of the Unaudited Consolidated Interim Report as at 30 September 2023 – Press Release identified in the table below are incorporated by reference in, and form part of, Section "*Documents incorporated by reference*" on pages 93 - 96 of the Base Prospectus. Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

| **Documents** | **Information Incorporated** | **Page Reference** |
|---|---|---|
| Unaudited Consolidated Interim Report as at 30 September 2024 – Press Release | UniCredit Group: Reclassified Income Statement | 13 |
| | UniCredit Group: Reclassified Balance Sheet | 14 |
| | Other UniCredit Group Tables (Ratings, Sovereign Debt Securities – Breakdown by Country/Portfolio, Weighted Duration) | 15-17 |

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| | Basis of Preparation | 18-21 |
| | Declaration by the manager charged with preparing the financial reports | 24 |
| | Significant events during and after 3Q24 | 12 |
| Unaudited Consolidated Interim Report as at 30 September 2023 – Press Release | UniCredit Group: Reclassified Income Statement | 14 |
| | UniCredit Group: Reclassified Balance Sheet | 15 |
| | Other UniCredit Group Tables (Ratings, Sovereign Debt Securities – Breakdown by Country/Portfolio, Weighted Duration) | 16-18 |
| | Basis of Preparation | 19-23 |
| | Declaration by the manager charged with preparing the financial reports | 26 |
| | Significant events during and after 3Q23 | 13 |

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

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

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

"**Recent Developments**

- On 11 September 2024, UniCredit announced that it has acquired an equity stake equal to around 9% in the share capital of Commerzbank AG (**Commerzbank**). 4.49% has been acquired in an accelerated book building offering on behalf of the Federal Republic of Germany in line with its intention to reduce its stake in Commerzbank AG, and the rest of the stake has been acquired through market activity.
  UniCredit is supportive of Commerzbank's management board and supervisory board and the progress that they have made in improving the bank's performance.
  The acquisition of the stake in Commerzbank is consistent with UniCredit's strategy and the parameters within which it will make any investment.
  UniCredit will engage with Commerzbank to explore value creating opportunities for all stakeholders in both banks.
  Any decision on the stake will again depend on the investment meeting UniCredit's strict financial parameters which have been clearly and consistently communicated to the market.

- On 23 September 2024 UniCredit, consistent with its statement on 11 September 2024, announced that it has submitted the required regulatory filing for acquiring a stake in Commerzbank in excess of 10% up to 29.9%. Meanwhile, UniCredit has entered into financial instruments relating to about 11.5% Commerzbank shares. Physical settlement under the new financial instruments may only occur after the required approvals have been obtained. Together with the position of about 9% communicated previously, UniCredit's overall position totals about 21%.

- On 25 September 2024, UniCredit has started the process to internalize its life bancassurance business in Italy through the termination of the current agreements with CNP Assurances S.A. (**CNP Assurances**) and Allianz S.p.A. (**Allianz**). This entails the exercise of the related rights to acquire CNP Assurances 51% stake in CNP UniCredit Vita S.p.A. (**CUV**) and Allianz's 50% stake in UniCredit Allianz Vita S.p.A. (**UAV**). Upon closing, UniCredit will hold 100% in CUV and UAV.

  The current set-up of the non-life bancassurance business will not be impacted and will continue to be operated through the joint ventures with Allianz at the terms communicated to the market in January 2022.

  As part of the mentioned internalization process, the Board of Directors of UniCredit approved: (1) the termination of the shareholders' agreement with CNP Assurances and the simultaneous exercise of the call option on the entire stake (51%) held by CNP Assurances in CUV and (2) the termination of the shareholders' agreement with Allianz and the related acquisition of the entire stake (50%) held by Allianz in UAV.

  The exercise of the call option on CUV is based on the terms of the shareholders' agreement entered in 2017, as amended from time to time. Under this agreement, the purchase price will be determined through a specific procedure based on agreed methodologies.

  The exercise of the termination right from the agreement with Allianz and related acquisition of the Allianz stake in UAV is based on the terms of the shareholders' agreement originally entered in 1996, last renewed in 2022. Also under this agreement, the purchase price will be determined through a specific procedure based on agreed methodologies. The process, among other, foresees the engagement of an independent expert to certify the purchase price.

For both companies, which are planned to be eventually merged, operations will rely on the current setup including, for a transitional period, on the services provided by the current insurance partners, according to the shareholders' agreements.

Closing of each of the transactions is subject to the standard authorizations by the competent authorities and is expected in 2025.

The transactions will be cash funded. The impact on the Group's capital position will depend on the purchase prices that will be determined.

- On 6 November 2024, UniCredit announced that on 5 November 2024 its Board of Directors, having fulfilled the requirements pursuant to art. 2433 bis of the Italian Civil Code, and on the basis of the Issuer's balance sheet as at 30 June 2024, approved a resolution to distribute an interim dividend to shareholders on the 2024 results, for a total amount of Euro 1,440,000,000, equal to a "per share" amount for each of N°1,554,803,184 outstanding and having the right shares at 4 November 2024 and, therefore, also deducting the N°72,497,676 of the treasury shares in portfolio at the same date, of 92.61 euro/cent (DPS), before tax.

  The interim dividend will be paid, in accordance with the applicable laws and regulations, on 20 November 2024, with the "ex-dividend date" on 18 November 2024 (coupon n 9), through the intermediaries participating in the settlement service (Monte Titoli). The shareholders entitled to receive the interim dividend will be those with evidenced ownership at the end of the day 19 November 2024 (*record date*).

  Subject to what is stated above, own shares purchased by the Issuer after the 4 November 2024 and held in the treasury shares portfolio at the record date, are not entitled to receive the interim dividend, which will be allocated to the Statutory Reserve."

- 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. 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. Both the European Council and the European Parliament have proposed their amendments to the European Commission review proposal on CMDI. The negotiations among the three lawmakers (so-called trialogue phase) that aims at reaching a final agreement on the review are currently on hold.

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) and, recently by, CRD VI and CRR III (as both defined below). 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, the so-called **CRR III**), to the Directive 2013/36/UE (Capital Requirements Directive, the so-called **CRD VI**). On 19 June 2024, the CRD VI and the CRR III were published on the Official Journal of the European Union and entered into force on 9 July 2024. 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 took 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 changes brought by the CRR III and the CRD VI also aim to strengthen the resilience of the banking sector to environmental, social and governance (ESG) risks and to improve the Fit and Proper assessment framework.

Save for certain exceptions, 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. As other global jurisdictions have already deferred the implementation of the final Basel standards without a clear deadline, a Delegated Act was published in the Official Journal of the EU on

October 31, postponing the application of the market risk framework (FRTB) in the EU by one year, to 1 January 2026. Member States shall adopt and publish the CRDVI implementing measures by 10 January 2026 and they shall apply those provisions from one day after its transposition date (i.e., 11 January 2026). On 4 October 2024, the EBA published its third mandatory Basel III monitoring report based on data as of 31 December 2023 from a sample of 152 banks. For the first time, the main Basel III monitoring report presents the estimated impact of the Basel III reform considering the most impactful EU-specific adjustments that are part of the CRR III and CRD VI. Moreover, differently to the previous year, the main results also include the effect of all EU buffers and Pillar 2 Requirements. The main finding is that EU banks would need a total of Euro 0.8 billion of additional Tier 1 capital to comply with the new framework at the time of full implementation in 2033.

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.

Following a public consultation procedure, on 26 April 2024, the Bank of Italy decided to apply a SyRB of 1.0 per cent. of exposures towards Italian residents weighted for credit and counterparty credit risks. The SyRB applies to all banks and banking groups authorised in Italy. The buffer rate is imposed gradually: 0.5 per cent. by 31 December 2024, and 1 per cent. (full rate) by 30 June 2025. The SyRB is to be applied at the highest level of consolidation for banking groups.

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 , and most likely will not be resumed during this legislative cycle.

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.

## Italian Regulatory Framework

Among the measures adopted at Italian level, applicable to the Issuer, worth mentioning are the followings:

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 wilful 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 per cent. in the case of direct guarantee (both for liquidity and investment needs) and 90 per cent. 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 per cent. 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"**), converted into Law 23 May 2024, n. 67 which introduces urgent measures regarding tax bonuses. Below are the main measures of interest included in the Decree:

- Further limits to the possibility of transferring the superbonus 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".

- Exception to the ban on transfers for interventions carried out in the municipalities of the regions of Abruzzo, Lazio, Marche and Umbria affected by the seismic events which occurred on 6 April 2009 and starting from 24 August 2016 for which the requests or declarations were presented starting from 30 March 2024.
- Introduction of some measures for banks, financial intermediaries and companies belonging to a banking group:
  - confirmation of the possibility - for tax credits' purchase - of spreading the credit over 4 years for interventions relating to the superbonus and over 5 years for interventions relating to the architectural barrier bonus and anti-seismic bonus;
  - ban on offsetting - starting from 1 January 2025 - of tax credits deriving from the credit transfer options with social security and welfare contributions and premiums for insurance against accidents at work and professional diseases;
  - anti-usury rule: the instalments usable from 2025 will be divided into 6 annual installments - in place of the original installment plan - for those who have purchased the tax credits at a price lower than 75% of the amount of the corresponding deductions. This penalty applies to tax credits that have the unique identification code.
- Introduction of some measures for taxpayers (individuals, condominiums, non- profit and third sector entities):
  - spread by law into 10 annual installments - instead of 4 or 5 - of the tax credit relating to superbonus, architectural barrier bonus and anti-seismic bonus for expenses incurred from 1 January 2024;
  - ban on the credit transfer in relation to the residual installments not yet used for taxpayers who have already deducted - in their income tax return - the benefits deriving from building interventions.
- 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.

In May 2024 the Council of Ministers approved the Law Decree 15 May 2024 n. 63 (**DL “Agricoltura”**), converted into Law 12 July 2024 n. 101, which introduces urgent measures for agricultural, fishing and aquaculture businesses, as well as for businesses of national strategic interest. The DL “Agricoltura” establishes a moratorium (12 months suspension of the payment of the principal amount of mortgages and other loans repayable in instalments) in favour of agricultural businesses that suffered a reduction in production - equal to at least 30% - in 2023 compared to 2022 or a reduction in their turnover equal to at least 20%. However, the need to present a self-declaration by the company certifying the condition of access to the benefit has been confirmed. The new measure entered into force on 14 July 2024.

In January 2024 the Council of Ministers approved a bill on cybersecurity which introduces measures aimed at preventing cybercrimes and strengthening national cybersecurity. The bill, converted into law 28 June 2024 n. 90 (**Law on Cybersecurity**) entered into force on 17 July 2024. Among the obligations established for financial institutions is that of reporting - within 24 hours of their occurrence - incidents to the National Agency for Cybersecurity (ACN), in order to minimize the impact of cyberattacks. The law also introduces new principles and criteria that the Government will have to respect in the implementation of the EU regulation on digital operational resilience for the financial sector (DORA regulation) by making regulatory changes to achieve a high level of digital operational resilience of financial intermediaries and guarantee the stability of the financial sector.

## 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.

<u>Taxonomy</u>. 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 was processed with criteria for the first two environmental objectives (climate change mitigation and adaptation) 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 2022, 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.

<u>Taxonomy Extension</u>. 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 and 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 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.

On 6 July 2021, the European Commission adopted the Delegated Act on Article 8 under the EU Taxonomy Regulation which requires entities covered by the EU Non-Financial Reporting Directive (**NFRD**) to publish information on how and to what extent their activities are associated with economic activities that quality as "environmentally sustainable" under the EU Taxonomy Regulation. The application of the delegated act for financial institutions was limited in 2022 and 2023 to certain elements, while the remaining provision applies 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 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. The interinstitutional agreement on the CSDDD was endorsed by the Parliament plenary session on 24 April 2024. The CSDDD was published in the Official Journal on 5 July

2024. Under Article 36 (Review and reporting), the Commission shall submit a report on the necessity of laying down additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities. It shall be published at the earliest possible opportunity after 25 July 2024, but no later than 26 July 2026. The legislation will start applying in 2027.

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.

## <u>DIGITAL FINANCE</u>

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 during this period.

- Removing fragmentation in the Digital Single Market: in June 2021, the Commission launched a legislative proposal aimed at creating a **European Digital Identity Wallet** (**EUDIW**) 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 customer authentication (SCA) is required. Financial institutions that are required to perform SCA will also be required to accept the customer's choice to use the EUDIW to authenticate themselves to access a bank account, initiate a payment or apply for a loan. The regulation was adopted by both the Parliament and the Council, in February and March 2024 respectively. Published in the EU Official Journal on 30 April 2024, the Regulation entered into force on 20 May 2024. Member States will be now required to offer at least one EU Digital Identity Wallet to all citizens and residents 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 stablecoins such as significant asset-referenced tokens and e-money tokens became *inter alia* subject to stricter requirements (e.g., in terms of capital, investor rights and supervision). The MiCAR was implemented in Italy by Legislative Decree no. 129 of 5 September 2024, which entered into force on 14 September 2024. 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 (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 (the **Artificial Intelligence Act** or **AIA**) has been published in the Official Journal of the European Union on 12 July 2024. The 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. The AIA has entered into force on 1 August 2024 but will become applicable starting from 1 August 2026, with the following exceptions, among others: provisions on prohibited systems will become applicable in February 2025, while governance rules and obligations for General Purpose AI (GPAI) in August 2025.

- 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 retail 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, entered into force on 9 April 2023. The EC MiFIR review has been mainly focused on improving transparency of EU markets through also the establishment of a centralized database - an EU Consolidated Tape - meant to provide a comprehensive view of market data of all asset classes (prices and volumes) across trading venues in the EU. The new rules entered into force on 28 March 2024, while certain elements of the regulation phasing in over the coming years.

In May 2023, the 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 mainly presents amendments to the Directive on markets in financial instruments (**MiFID II**), the Directive on insurance distribution (**IDD**), and to the Regulation on key information documents for packaged retail and insurance-based investment products **PRIIPS**). In particular the proposal: i) introduces a partial ban on inducements paid from manufacturers to distributors in relation to the reception and transmission of orders, or the execution of orders to or on behalf of retail clients (where no advice relationship exists between the investment firm and the client); ii) introduces 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) foresees the standardization of information on costs and charges, with a greater degree of detail. The legislative process is ongoing. As both the EU Council and Parliament finalized their own position within the first half of 2024, reviewing several parts of the proposal, the final negotiations aimed at reaching a final legislative text are expected to start in late 2024/early 2025. The entry into force of the new package is not expected before the beginning of 2026.

In 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, deleting and easing several proposals put forward by the Commission. In late October 2024 the EU Parliament endorsed the final texts. Once the texts are endorsed also by the Council, their publication in the Official Journal is expected by the end of 2024."

- The sub-paragraph "*Credit ratings*" on pages 326-327 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

*"1.1.6 Credit ratings*

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

| **Rating Agencies** | **Short Term Counterparty Credit Rating** | **Long Term Counterparty Credit Rating** | **Outlook** | **Last update** |
|---|---|---|---|---|
| Fitch | F2(1) | BBB+(2) | positive (3) | 31 October 2024 |
| S&P | A-2(4) | BBB(5) | stable(6) | 25 October 2023 |
| Moody's | P-2(7) | Baa1(8) | stable (9) | 1 October 2024 |

*Fitch Ratings*

(1) F2: indicates a good capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union. However, the margin of safety is not as great as in the case of the higher ratings (**Source: Fitch**).

(2) BBB: indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity (**Source: Fitch**).
**Note:** A "+" or "–" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the AAA rating category, to categories below CCC, or to Short-Term Credit Ratings other than F1 (**Source: Fitch**).

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

*S&P*

(4) A-2: an obligor has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category (**Source: S&P**).

(5) BBB: an obligor has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments (**Source: S&P**).
**Note:** ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories (**Source: S&P**).

(6) Outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. A stable outlook is assigned when S&P believes that ratings is not likely to change (**Source: S&P**).

*Moody's*

(7) P-2: issuers (or supporting institution) rated Prime-2 have a strong ability to repay short-term debt obligations (**Source: Moody's**).

(8) Baa: obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics (**Source: Moody's**).
**Note:** Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category (**Source: Moody's**).

(9) Outlook is an opinion regarding the likely rating direction over the medium term. A stable outlook indicates a low likelihood of a rating change over the medium term (**Source: Moody's**).

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

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

- The sub-paragraph "*Description of the expected financing of the Issuer's activities"* on page 327 of the Base Prospectus shall be deleted in its entirety and replaced as follows:

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

As at 30 September 2024, the loans to deposits ratio (**LDR**), a ratio between the customer loans and deposits, excluding the repo activity, is equal to 88 per cent. Such ratio is in line with the observation at 30 June 2024.

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 30 September 2024, the liquidity buffer[10] is equal to Euro 163.0 billion (Euro 161.5 billion as at 30 June 2024)."

- The sub-paragraph "*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*" of the paragraph titled "*Administrative, management and supervisory bodies*" on pages 330-335 of the Base Prospectus is deleted in its entirety and replaced as follows:

**"4.1 Names, business addresses and functions of the members of the Board of Directors and 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**

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 Company. 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.

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 members, and no more than five, 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.

| **Name** | **Position** |
|---|---|
| Pietro Carlo Padoan[1] | Chair |
| Elena Carletti[1] | Deputy Vice Chair |
| Andrea Orcel | Chief Executive Officer* |
| Paola Bergamaschi[1] | Director |

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

| | |
|---|---|
| Paola Camagni[2-3] | Director and member of the Audit Committee |
| Vincenzo Cariello[1] | Director |
| Marcus Johannes Chromik[1] | Director |
| António Domingues[1] | Director |
| Julie Birgitte Galbo[2] | Director and member of the Audit Committee |
| Jeffrey Alan Hedberg[1] | Director |
| Beatriz Ángela Lara Bartolomé[1] | Director |
| Maria Pierdicchi[1] | Director |
| Marco Rigotti[2-3] | Director and Chair of the Audit Committee |
| Francesca Tondi[1] | Director |
| Gabriele Villa[2-3] | Director and member of the Audit Committee |

Notes:

(1) 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.

(2) 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.

(3) 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.

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)
- Non Resident Fellow, Institute for European Policymaking (Bocconi University)
- 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 Orcel***

- 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 Depositary and Trust business of BNY Mellon International
- Member of the Advisory Board of Quantexa Ltd

***Paola Camagni***

- Founder and Managing Partner of "Camagni STP" tax firm
- Independent member of the Board of Directors, Chair of the Related Parties Committee and member of the Control and Risk Committee of TIM (Telecom Italia) S.p.A.
- Independent member of the Board of Directors of FSI SGR S.p.A.
- Chair of the Board of Statutory Auditors of A.G.I. Agenzia Giornalistica Italia S.p.A.

***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***

- Advisor of Hawk Advisor di Hawk AI GmbH
- Advisor of AI Hub Frankfurt Ltd
- Member of the Supervisory Board of Unzer GmbH

***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***

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

***Jeffrey Alan Hedberg***

None

***Beatriz Ángela Lara Bartolomé***

- Member of the Board of Directors and of the Digital Transformation Advisory Board of FINCOMÚN S.A.
- Chair of the Board of Directors of Chapter Zero Spain, Universidad de Navarra
- Sole Director of AHAOW Moment S.L.
- Seed Investor & Strategy Advisor at ZELEROS Hyperloop
- Investor & Senior Advisor at OPINNO
- Investor & Strategy Advisor at Bound4Blue
- 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 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:

| **Name** | **Position** |
|---|---|
| Marco Rigotti[1-2] | Director and Chair of the Audit Committee |
| Paola Camagni[1-2] | Director and member of the Audit Committee |
| Julie Birgitte Galbo[1] | Director and member of the Audit Committee |
| Gabriele Villa[1-2] | Director and member of the Audit Committee |

Notes:

(1) 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.

(2) Is enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance."

***General Information***

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

- The paragraph "*Significant or material adverse change*" on pages 363-364 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

Except for 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 30 September 2024 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 30 September 2024."

- The paragraph "*Trend Information*" on page 364 of the Base Prospectus is deleted in its entirety and replaced as follows:

"**TREND INFORMATION**

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*", the Issuer is not aware about any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year."

## General

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

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

Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus can be obtained free of charge from the office of the Issuer and from the specified office of the Paying Agents for the time being in London as described on page 369 of the Base Prospectus. Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus will also be published on the website of UniCredit (*www.unicreditgroup.eu*), as well as on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

In accordance with Article 23(2) of the Prospectus Regulation, investors who have agreed to purchase or subscribe for Notes issued under the Programme before this Supplement is published have the right, exercisable before the end of the period of three working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire by close of business on 14 November 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.