FIFTH SUPPLEMENT DATED 17 MAY 2021

TO THE BASE PROSPECTUS DATED 5 JUNE 2020

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 5 June 2020, as supplemented by the first supplement dated 11 August 2020, the second supplement dated 20 November 2020, the Third Supplement dated 5 January 2021 and the Fourth Supplement dated 19 February 2021 (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: (i) update the "*Risk Factors*" section of the Base Prospectus; (ii) update the "*Responsibility Statement, Third Party Information and Experts' Reports*" section of the Base Prospectus; (iii) update the "*Documents Incorporated by Reference*" section of the Base Prospectus to incorporate by reference the 2020 UniCredit Annual Report and Accounts, as defined below, and some recent press releases relating to UniCredit and the Group (including the UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release); (iv) update the "*Description of UniCredit and the UniCredit Group*" section of the Base Prospectus; (v) update the "*General Information*" section of the Base Prospectus; and (vi) update the "*Annex 1 - Further Information Related to Index Linked Notes and Inflation Linked Interest Notes*" section of the Base Prospectus.

Risk Factors

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

- In the subsection "*Risks related to the financial situation of the Issuer and of the Group*", the Risk Factor headed "*Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak*", as included in the Base Prospectus via the Third

Supplement dated 5 January 2021, on pages 21-22 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.1.1 Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak

*The UniCredit Group's performance is affected by the financial markets and the macroeconomic and political environment of the countries in which it operates. Expectations regarding the performance of the global economy remain uncertain in both the short term and medium term. Therefore, there is a risk that changes in the macroeconomic environment may have adverse effects on the financial and economic situation as well as on the creditworthiness of the Issuer and/or the Group. It should be noted that the national and international macroeconomic environment is subject to the risks arising from the outbreak of the viral pneumonia known as "Coronavirus" (**COVID-19**) and that, currently, the negative effects of this virus on international and domestic economic activities are evident, thus having an inevitable impact on the performance of the Group.*

From the main effects of COVID-19 observed impacting on UniCredit performance in 2020, important to be noticed are the following: (i) negative impacts on the retail loans demand and on the corporate loans interest rates, even following the facilitation of loans with state guarantees, with resulting decrease on the interest margin; about the customer loans moratorium, they did not significantly affect the interest margin; (ii) decreases of the commissions, in all service areas; (iii) additional costs, specifically for devices and equipment needed for the employee's protection and for a massive transfer to a remote way of working (smart working); (iv) worsening of the cost of risk because of higher provisions on loans. 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, 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.

It should be noted that the Group registered a decrease in revenues compared to the corresponding period of 2019, reflecting the extended COVID-19 related restrictions present in all geographies, down 9.0 per cent. Y/Y, to Euro 17.1 billion in FY20 with a decrease in all revenue line items. In 1Q21, the Group delivered revenues of Euro 4.7 billion, up 10.6 per cent Q/Q, and up 7.1 per cent. Y/Y.

*The Group realized Loan Loss Provisions (**LLPs**) totaled Euro 4,496 million in Financial Year 2020 (**FY20**) (+47.7 per cent. FY/FY) of which Euro 2,220 million were specific LLPs, and Euro 2,203 million were overlays on LLP increasing the forward-looking coverage to reflect COVID-19 economic impact on the portfolio, and Euro 572 million on regulatory impacts stemming from the introduction of new models or updating of the existing ones and from the quantification of the evaluative effects correlated to the new European rules on to the classification of the default clients (new Definition of Default).*

In 1Q21, the Group realized LLPs totaled Euro 167 million (- 86.7 per cent. Y/Y) of which Euro 204 million were specific LLPs, and - Euro 37 million were write-backs overlays on loans updating the forward-looking coverage to reflect COVID-19 economic impact on the portfolio.

The Group stated in 2020 a net loss of Euro 2,785 million, compared with the Euro 3,373 million of net profit achieved in 2019, mainly driven by Yapi deconsolidation, integration costs in Italy and CIB goodwill impairment, in addition to the financial-economic context deteriorated by the COVID-19 crisis. The Group delivered underlying net profit of Euro 1.264 billion for FY20, decreasing compared to the underlying net profit of Euro 4.675 billion delivered for FY19 and in 1Q21 the Group delivered *an underlying net profit of Euro 0.9 billion, thanks to a rebound in revenues, despite the ongoing impact of lockdowns on client activity in the quarter, as well as to a lower cost of risk.*

Finally, taking into account the deteriorated conditions of the macroeconomic context and the following adjustments to the revised estimates of the cost of risk, it results that the financial objectives of Team 23 for 2021 are no longer considered relevant, although the strategic priorities communicated last December 2019 have been confirmed. It should be noted that, due to the current framework of high uncertainty and volatility, it is not currently possible to make an overall final assessment of the impacts on the medium/long-term Plan objectives in order to determine whether they are still relevant or how they are impacted, analyses that will be finalised over the next months. In particular, the current scenario is affected by a high degree of uncertainty, whose outcome is not foreseeable at the moment and may require updates in evaluations already performed, in light of the evolution of the pandemic, on the effect of relief measures put in place and the shape of economic recovery.

These factors will affect the Group profitability and the parameters, such as discount rates, used for evaluating Group's assets. Furthermore, considering the high uncertainty of current context, an update in the strategic plan Team 23 that reflects current conditions will be presented during the second half 2021. As a result, the evaluation made for Investments in associates and Deferred Tax Assets, whose recoverable amount depends on cash flows projections, might be subject to a change not foreseeable at the moment and from which could derive possible negative effects, including significant ones, on the bank's financial and economic situation.

The UniCredit Group's performance is affected by the financial markets and the macroeconomic and political environment of the countries in which it operates. Expectations regarding the performance of the global economy remain still uncertain in both the short term and medium term.

The past year has been defined by the outbreak of the form of viral pneumonia known as "Coronavirus" (**COVID-19**) which had a profound impact on communities, employees and customers. Currently, the negative effects of this virus on international and domestic economic activities are evident, thus having an inevitable impact on the performance of the Group in particular on revenues and cost of risk.

From the main effects of COVID-19 observed impacting on UniCredit performance in 2020, important to be noticed are the following:

- negative impacts on the retail loans demand and on the corporate loans interest rates, even following the facilitation of loans with state guarantees, with resulting decrease on the interest margin; about the customer loans moratorium, they didn't significantly affect the interest margin;
- decreases of the commissions, in all service areas;
- additional costs, specifically for devices and equipment needed for the employee's protection and for a massive transfer to a remote way of working (smart working);
- worsening of the cost of risk because of higher provisions on loans.

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, 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.

Revenues were down 9.0 per cent. FY/FY to Euro 17.1 billion in FY20 with a decrease in all revenue line items. In 1Q21, revenues were up 7.1 per cent Y/Y to Euro 4.7 billion, with stronger fees (+ 4.3 per cent. Y/Y) and trading (+ Euro 466 million Y/Y) more than offsetting lower NII (-12.6 per cent. Y/Y). For both the FY20 and 1Q21, the largest revenue contribution came from Commercial Banking Italy (CB Italy), Corporate Investment Banking (CIB) and Central and Eastern Europe (CEE).

In detail: (i) Net interest income[1] was down 6.3 per cent. FY/FY to Euro 9.4 billion, mainly due to lower customer rates and volumes reflecting the Group's prudent approach, only partially offset by the positive effect of TLTRO3. In 1Q21, NII[2] was down 3.1 per cent. Q/Q to Euro 2.2 billion, mainly due to lower customer rates impacted by market rates, competition and lower yielding government guaranteed loans, as well as the impact of weak demand on volumes (- Euro 13 million Q/Q) mainly in Corporate & Investment Banking. Additional headwinds came from the negative effect of TLTRO3 (- Euro 18 million Q/Q)[3] given the absence of the catch-up payment booked in 4Q20 and from Treasury and the investment portfolio (- Euro 18 million Q/Q), partially offset by term funding (+ Euro 24 million Q/Q); (ii) fees and commission were down 5.2 per cent. FY/FY, totaling Euro 6.0 billion, reflecting the lockdown impact on client activity from 2Q20 onwards. Despite continued lockdowns, in 1Q21 fees and commission were up 4.3 per cent. Y/Y, totaling Euro 1.7 billion.

The Group stated in 2020 a net loss of Euro 2,785 million, compared with the Euro 3,373 million of net profit achieved in 2019, mainly driven by Yapi deconsolidation, integration costs in Italy and CIB goodwill impairment, in addition to the financial-economic context deteriorated by the COVID-19 crisis. The Group delivered underlying net profit of Euro 1.264 billion for FY20, decreasing compared to the underlying net profit[4] of Euro 4.675 billion delivered for FY19 and in 1Q21 the Group delivered an underlying net profit[5] of Euro 0.9 billion, thanks to a rebound in revenues, despite the ongoing impact of lockdowns on client activity in the quarter, as well as to a lower cost of risk.

The current scenario is characterised by elements of high uncertainty – strongly influenced also by the relevant restriction measures. In particular, in this context, it should be noted that the economic slowdown may determine a deterioration of credit portfolio quality, thus increasing the incidence of non-performing loans and the need to increase the provisions to be charged in the income statement. The Group realized LLPs totaled Euro 4,996 million in FY20 (+47.7 per cent FY/FY) of which Euro 2,220 million were specific LLPs, and Euro 2,203 million were overlays on LLP increasing the forward-looking coverage to reflect COVID-19 economic impact on the portfolio, and Euro 572 million on regulatory impacts stemming from the introduction of new models or updating of the existing ones and from the quantification of the evaluative effects correlated to the new European rules on to the classification of the default clients (new Definition of Default).

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2020 – Consolidated report on operations – Group results, page 62.

Therefore, the Cost of Risk (**CoR**) in the FY20 is 105 bps, increasing compared to the same period of the past year (71 bps).

[1] Net contribution from hedging strategy of non-maturity deposits in 4Q20 at Euro 361.1 million, +Euro 7.4 million Q/Q and + Euro 7.0 million Y/Y whereas in FY20 at Euro 1,390.0 million, -Euro 11.4 million FY/FY.
[2] Net contribution from hedging strategy of non-maturity deposits in 1Q21 at Euro 362.6 million, - Euro 2.4 million Q/Q and + Euro 9.0 million Y/Y.
3 Managerial calculation. The ECB Governing Council in December 2020 extended the more favorable conditions referred to TLTRO3 to the period June 2021 - June 2022,subject to the achievement of certain thresholds. These more favorable conditions, compared to the incremental adoption of TLTRO2 for both 3Q20 and 4Q20, were recognized in 4Q20 with reference to the amounts accrued from the subscription date of the securities (June 2020).
[4] Group underlying net profit excludes the net impact of Fineco disposal (+ Euro 1,176 million in 2Q19), Ocean Breeze disposal (- Euro 178 million in 2Q19), the impact of REV (+ Euro 46 million in 1Q19, - Euro 1 million in 2Q19, + Euro 80 million in 3Q19 and - Euro 45 million in 4Q19), other one-offs (- Euro 173 million in 2Q19), disposal of 9 per cent. Yapi Kredi (- Euro 365 million in 4Q19), integration costs in Germany & Austria (- Euro 319 million in 4Q19), Non Core LLPs given the update of Non Core rundown strategy (- Euro 1,055 million in 4Q19 including - Euro 6 million related to net interest) and impairment of intangible and other assets (- Euro 468 million in 4Q19 o/w - Euro 189 million software write-off and - Euro 279 million other), Yapi Kredi deconsolidation (- Euro 1,576 million in 1Q20), integration costs in Italy (- Euro 1,272 million in 1Q20), additional real estate disposals (+ Euro 296 million in 1Q20), regulatory headwinds impact on Cost of Risk (- Euro 3 million in 1Q20, - Euro 4 million in 2Q20, - Euro 3 million in 3Q20 and - Euro 519 million in 4Q20), revaluation of real estate (+ Euro 9 million in 1Q20, - Euro 7 million in 2Q20, - Euro 5 million in 3Q20 and + Euro 23 million in 4Q20), Non Core rundown (- Euro 98 million in 2Q20, - Euro 4 million in 3Q20 and - Euro 8 million in 4Q20) and goodwill impairment (- Euro 878 million in 4Q20).
[5] Underlying net profit normalised for revaluation of real estate (+ Euro 4 million in 1Q21).

In 1Q21, the Group realized LLPs totaled Euro 167 million (-86.7 per cent Y/Y) of which Euro 204 million were specific LLPs, and -Euro 37 million were write-backs overlays on loans updating the forward-looking coverage to reflect COVID-19 economic impact on the portfolio.

Therefore, the cost of risk in the 1Q21 is 15 bps, decreasing compared to the same period of the past year (104 bps).

For further information on the overall exposure to counterparty credit risk and the main activities undertaken by the Group to support its customers, please see Risk 1.1.3 "*Credit risk and risk of credit quality deterioration*".

The containment measures adopted to contain the spread of the COVID-19 would have a severe impact on economic activity. The European Central Bank (**ECB**) has stepped up interventions and, with its pandemic emergency purchase program (**PEPP** – Pandemic Emergency Purchase Programme), it stands ready to act as a buyer of last resort in the government-bond market for as long as needed.

Finally, taking into account deteriorated conditions of the macroeconomic context and the following adjustments to the revised estimates of the cost of risk and the target of gross cost savings, it results that the financial objectives of Team 23 for 2021 are no longer considered relevant, although the strategic priorities communicated last December 2019 have been confirmed. It should be noted that, due to the current framework of high uncertainty and volatility, it is not currently possible to make an overall final assessment of the impacts on the medium/long-term Plan objectives in order to determine whether they are still relevant or how they are impacted, analyses that will be finalised over the next months. In particular, the current scenario is affected by a high degree of uncertainty whose outcome is not foreseeable at the moment and may require updates in evaluations already performed, in light of the evolution of the pandemic, on the effect of relief measures put in place and the shape of economic recovery.

These factors will affect the Group profitability and the parameters, such as discount rates, used for evaluating Group's assets. Furthermore, considering the high uncertainty of current context, an update in the strategic plan Team 23 that reflects current conditions will be presented during the second half 2021. As a result, the evaluation made for Investments in associates and Deferred Tax Assets, whose recoverable amount depends on cash flows projections, might be subject to a change not foreseeable at the moment and from which could derive possible negative effects, including significant ones, on the bank's financial and economic situation.

For further information on the risks associated with the Strategic Plan, see Risk 1.1.2 "*Risks connected with the Strategic Plan 2020 – 2023*".

Material adverse effects on the business and profitability of the Group may also result from further developments of the monetary policies and additional events occurring on an extraordinary basis (such as political instability, terrorism and any other similar event occurring in the countries where the Group operates and, as recently experienced, a pandemic emergency). Furthermore, the economic and political uncertainty of recent years 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.

The outlook of the pandemic normalization path in terms of its timeline and further evolution remains highly uncertain, as well as the magnitude of the economic downturn. The global economic downturn can be further impacted by the potential new rounds of restrictions that might be induced by some countries across the world, with the risk of further slowing down the expected recovery.

In particular, besides the impact on global growth and individual countries due to COVID-19, the current macroeconomic situation is characterized by high levels of uncertainty, mainly due to: (i) Brexit related uncertainties; (ii) future developments in the ECB and Federal Reserve (**FED**) monetary policies; and (iii) the sustainability of the sovereign debt of certain countries and the related, repeated shocks to the financial markets.

The economic slowdown experienced in the countries where the Group operates has had (and might continue to have) a negative effect on the Group's business and on the financial costs (e.g. lower NII due to excess liquidity), as well as on the value of its assets, and could result in further costs related to write-downs and impairment losses."

- In the subsection "*Risks related to the financial situation of the Issuer and the Group*", the Risk Factor headed "*Risks connected with the Strategic Plan 2020 – 2023*", on pages 21-22 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.1.2* <u>*Risks connected with the Strategic Plan 2020 – 2023*</u>

*On 3 December 2019, following the completion of the 2016-2019 Strategic Plan, UniCredit presented to the financial community in London the 2020-2023 Strategic Plan called "Team 23" (the **Strategic Plan** or **Plan** or **Team 23**). The Strategic Plan contains determined strategic, capital and financial objectives (collectively, the **Strategic Objectives**) based on four pillars. Such Strategic Objectives focus on improving the cost of risk, reducing the gross NPE ratio, maintaining an appropriate capital buffer throughout the Plan as well as objectives in terms of underlying net profit and capital distribution. The four pillars are: (i) growth and strengthen client franchise; (ii) transform and maximise productivity; (iii) disciplined risk management & controls; and (iv) capital and balance sheet management. UniCredit's ability to meet the Strategic Objectives depends on a number of assumptions and circumstances, some of which are outside UniCredit's control, including those relating to developments in the macroeconomic environment in which our Group operates, developments in applicable laws and regulations and assumptions related to the effects of specific actions or future events which we can partially forecast/manage. The assumptions concerning the macroeconomic scenario and the development of the regulatory framework, as well as the hypothetical assumptions on which the Plan is based, were made prior to the adoption of the restrictive provisions related to the spread of COVID-19 throughout the countries and, therefore, in a macroeconomic environment different from that one determined next to the entry into force of the restrictive provisions ("lockdown") resulting from the pandemic. Indeed, whilst the 2020 financial results have been influenced by the pandemic, the financial results for this year and potentially subsequent years could be reasonably influenced by the dynamics of COVID-19, which were not foreseeable at the date of the Strategic Plan presentation and which are still uncertain. Taking into account the revised estimates of the cost of risk, it results that the financial objectives of Team 23 for 2021 are no longer considered relevant, although the strategic priorities communicated last December 2019 have been confirmed. Given the high uncertainty of the environment, an update of Team 23 strategic plan will be run and presented to the markets in the Capital Markets Day in the second half of 2021 (the review of the Strategic Plan initiated following arrival of the new Chief Executive Offer and Board of Directors).*

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

As above mentioned, the current macroeconomic scenario is worse than the plan assumptions. For this reason, UniCredit has updated the macroeconomic assumptions connected with the determination of LLPs in accordance with IFRS9 (International Financial Reporting Standards 9). Furthermore, UniCredit realized additional LLPs totaled Euro 4,996 million in FY20 (+47.7 per cent. FY/FY) of which Euro 2,220 million were specific LLPs, and Euro 2,203 million were overlays on LLP increasing the forward-looking coverage to reflect COVID-19 economic impact on the portfolio, and Euro 572 million on regulatory impacts stemming from the introduction of new models or updating of the existing ones and from the quantification of the evaluative effects correlated to the new European rules on to the classification of the default clients (new Definition of Default).

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2020 – Consolidated report on operations – Group results, page 62.

FY20 stated CoR[6] at 105 bps (lower end of 100-120 bps guidance) as a result of the proactive anticipation of future expected impacts. For the 2020 financial year, the CoR resulted from the combination of the provisions relating to the update of the IFRS9 macroeconomic scenario and the potential effects deriving from the risks that occurred during the year with reference to specific sectors and counterparties.

In 1Q21, the Group realized LLPs totaled Euro 167 million (-86.7 per cent. Y/Y), of which Euro 204 million were specific LLPs, and -Euro 37 million were write-backs overlays on loans updating the forward-looking coverage to reflect COVID-19 economic impact on the portfolio.

In 1Q21 stated CoR[7] at 15 bps, down 165 bps Q/Q impacted by seasonality and further supported by write-backs and the anticipation of future economic impacts taken in 2020[8]

Currently remains the UniCredit target of gross cost savings of Euro 1.25 billion, up 25 per cent. from the original figure of Euro 1 billion. Group's branch network optimization and FTEs reduction program confirmed on track to meet the Team 23 target of around -8,000 Full Time Equivalents (FTEs) reductions and around 500 branches closures.

In light of the CoR reviewed estimates and target of gross cost savings, it results that the financial objectives of Team 23 for 2021 are no longer considered relevant, although the strategic priorities communicated last December 2019 have been confirmed. It should be noted that, due to the current framework of high uncertainty and volatility, it is not currently possible to make an overall final assessment of the impacts on the medium/long-term Plan objectives in order to determine whether they are still relevant or how they are impacted, analyses that will be finalised over the next months. The review of the Strategic Plan initiated following arrival of the new Chief Executive Officer and new Board of Directors. Overarching objectives is disciplined, profitable and sustainable profit growth. Client centricity will be reinforced, increasing interaction of technology will be delivered and the business will be simplified. Review expected to be concluded in the second half of 2021 and communicated at a Capital Markets Day. In this context, it will be presented the Group's strategic priorities and the new Team 23 Plan Objectives.

Currently, the key pillars of Team 23 remain strategic priorities, specifically:

- **Growth and strengthen client franchise:** through a renewed focus on customer satisfaction and service quality, confirm position as "go to" bank for small and mid-sized corporates, reinforce market leadership in CEE, and strengthen CIB and Commercial Banking cooperation and redesign customer service for individuals, thanks to a mix of integrated channels;
- **Transform and maximise productivity:** adopt new ways of working to continuously optimise processes, enhance customer experience and deliver efficiencies;
- **Disciplined risk management & controls:** further strengthen monitoring and management of Credit and Financial Risk: enhanced business accountability and in-depth monitoring by control functions. Targeted actions on Compliance and Operational Risk, reinforcing governance and risk of Anti Financial Crime controls, AML and KYC, Cyber security and Operational Risk;
- **Capital and balance sheet management:** proactive capital allocation based on financial performance, preference for share buybacks over M&A, only small bolt-on acquisitions might be considered to accelerate capital allocation towards businesses or geographies with higher risk-adjusted profitability. Gradual alignment of domestic sovereign bond portfolios with those of European peers. The project related to the creation of a sub-holding for the international

[6] Stated CoR based on reclassified P&L and Balance sheet (BS).

[7] Stated CoR based on reclassified P&L and Balance sheet (BS)

[8] Anticipation of future economic impacts: increased overlays, proactive classification and regulatory headwinds including new Definition of Default.

activities of the Group remains under investigation. There is therefore no predefined timeframe for its possible implementation, also considering that the current market and macroeconomic conditions (e.g. purchases of securities by the ECB and reduced government spreads) make some assumptions of the project no longer valid, such as the optimisation of the cost of funding.

Team 23 plan is based on assumptions both in terms of interest rates and economic growth of the countries of presence of the Group. As macroeconomic variables are volatile, UniCredit has also developed two sensitivities on top of the base case scenario embedded in the Strategic plan, both on interest rates and economic growth. One sensitivity, internally called "Draghi", assumes rates close to the current levels throughout the plan (Euribor 3M *end of period* at minus 50 basis points until 2023) and lower GDP (Gross Domestic Product) growth both in Western Europe and Central Eastern Europe countries. "Draghi" scenario assumes an economic slowdown in normal market conditions, consequently, it is not directly comparable to the impacts related to the COVID-19 containment measures applied by most of Countries. Considering the high uncertainty of the environment, as explained above for financial results also interest rates and economic assumptions are influenced by COVID-19 and will be updated and presented during the Capital Markets Day in the second half of 2021.

Furthermore, it should be noted that, as disclosed to the Market in the context of Strategic Plan – Team 23 presentation, the capital distribution in the plan is based on the concept of underlying net profit. Underlying net profit adjusts stated net profit for certain non-operating items to better demonstrate the recurring, sustainable profit base of the bank.

Such adjustments include:

(i) sale of non-strategic assets and selected real estate properties;

(ii) non-operating non-recurring charges including, but not limited to, integration costs and extraordinary IT write-offs;

(iii) non-operating items in LLPs, for example the updated rundown strategy for Non Core and the regulatory headwinds.

UniCredit, complying with the ECB's 2020 payout recommendations, did not pay dividends nor did share buybacks (SBB) in 2020.

For 2021, the ordinary capital distribution complies with ECB recommendations on dividends issued on 15 December 2020, which for UniCredit limits distributions to Euro 447 million[9] until 30 September 2021.

Consequently, in 2021, the cash distribution of Euro 268 million was paid on 21 April 2021 and the SBB distribution of Euro 179 million, approved by ECB and AGM, is expected to be completed by the end of 3Q21. In addition, a resolution for an extraordinary distribution of capital after 1 October 2021 has been approved by the AGM in April 2021 for an amount of Euro 652 million, entirely in the form of SBB, subject to ECB approval.

CET1 MDA buffer fully loaded remains well above 200-250bps targets. UniCredit remains committed to gradually return excess capital vs. MDA buffer to shareholders subject to receive regulatory "green light". Capital distribution policy confirmed with 50 per cent. ordinary payout (max 30 per cent. cash,

[9] Calculated as 15 per cent. ("ECB cap") of the cumulated stated net profits for the years 2019 and 2020, adjusted as per ECB recommendation. The additional 20 bps of CET1r limit, introduced by ECB, is less stringent for the Group thus it does not apply. Ordinary distribution (Euro 447 million): 60 per cent cash. (Euro 268 million), 40 per cent. SBB (Euro 179 million). Ordinary cash distribution: Euro 0.12 per share, approved by AGM, Ex-dividend date 19 April 2021, record date 20 April 2021 and payment date 21 April 2021. Ordinary SBB distribution has been approved by Competent Authorities and AGM. Ordinary SBB execution is expected to be completed by end of 3Q21. In addition, the AGM held in April 2021 has authorized an extraordinary capital distribution (Euro 652 million): 100 per cent. SBB. The extraordinary SBB distribution is subject to supervisory approval and to the condition that on 30 September 2021 the ECB will repeal the recommendation of 15 December 2020. Extraordinary SBB execution expected to commence not before 1 October 2021.

min 20 per cent. share buyback). Medium to long term CET1 MDA buffer target confirmed at 200-250 bps.

Considering the above, 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 the Group*", the Risk Factor headed "*Credit risk and risk of credit quality deterioration*", on pages 22-24 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.1.3* *Credit risk and risk of credit quality deterioration*

The activity, financial and capital strength and profitability of the UniCredit Group depend, among other things, on the creditworthiness of its customers. In carrying out its credit activities, the Group is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down thereof. Following the COVID-19 outbreak, it cannot be excluded that credit quality for this year could be influenced with potential impacts not yet quantifiable. From the main effects of COVID-19 observed impacting on UniCredit risk profile in 2020, it is important to notice the worsening of the cost of risk because of higher provisions on loans. 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, generate a worsening of loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged in the income statement.

The Group realized LLPs totaled Euro 4,996 million in FY20 (+47.7 per cent. FY/FY) of which Euro 2,220 million were specific LLPs, and Euro 2,203 million were overlays on LLP increasing the forward-looking coverage to reflect COVID-19 economic impact on the portfolio, and Euro 572 million on regulatory impacts stemming from the introduction of new models or updating of the existing ones and from the quantification of the evaluative effects correlated to the new European rules on to the classification of the default clients (new Definition of Default).

In 1Q21, the Group realized LLPs totaled Euro 167 million (-86.7 per cent. Y/Y), of which Euro 204 million were specific LLPs, and -Euro 37 million were write-backs overlays on loans updating the forward-looking coverage to reflect COVID-19 economic impact on the portfolio.

In the context of credit activities, this risk involves, among other things, the possibility that the Group's contractual counterparties may not fulfil their payment obligations, as well as the possibility that Group companies may, based on incomplete, untrue or incorrect information, grant credit that otherwise would not have been granted or that would have been granted under different conditions.

Other banking activities, besides the traditional lending and deposit activities, can also expose the Group to credit risks. "Non-traditional" credit risk can, for example, arise from: (i) entering derivative contracts; (ii) buying and selling securities, currencies or goods; and (iii) holding third-party securities. The counterparties of said transactions or the issuers of securities held by Group entities could fail to comply due to insolvency, political or economic events, a lack of liquidity, operating deficiencies, or other reasons.

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 importance of reducing the ratio of non-performing loans to total loans has been stressed on several occasions by the supervisory authorities, both publicly and within the ongoing dialogue with the Italian banks and, therefore, with the UniCredit Group.

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

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

As at 31 March 2021, Group gross NPEs were down by 10.0 per cent. Y/Y and up by 5.5 per cent. Q/Q to Euro 22.4 billion in 1Q21 (while, as at 31 December 2020, they were equal to Euro 21.2 billion) with a worsened gross NPE ratio of 4.8 per cent. (-0.1 p.p. Y/Y, +0.3 p.p. Q/Q), while as at 31 December 2020 the gross NPE ratio was equal to 4.5 per cent.

As at 31 March 2021, Group Net NPEs stood at Euro 9.4 billion, increased compared to 31 December 2020 (Group Net NPE ratio increased compared to 31 December 2020 and is equal to 2.1 per cent.).

As at 31 March 2021, the Group excluding Non Core gross NPEs increased to Euro 18.8 billion (+7.3 p.p Q/Q, +12.0 p.p Y/Y, while as at 31 December 2020 they were equal to Euro 17.6 billion), while Group excluding Non Core Net NPEs were slightly increased to Euro 8.6 billion.

The NPL ratio for UniCredit, using the EBA definition, is 2.8 per cent. in 1Q21, compared to weighted average of EBA sample banks of 2.6 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 55 billion, moving from Euro 77.8 billion of 2015 to Euro 22.4 billion of 1Q21 (Euro 21.2 billion of 2020). This amount includes the loans disposed of through Project Fino in July 2017 and IFRS 5 positions.

Building on the experience gained in Transform 2019, according to the Strategic Plan 2020-2023, the Group will continue to manage NPEs proactively to optimise value and capital.

Following the COVID-19 outbreak it cannot be excluded that, credit quality for this year could be influenced with potential impacts not yet quantifiable. From the main effects of COVID-19 observed impacting on UniCredit risk profile in 2020, it is important to notice the worsening of the cost of risk because of higher provisions on loans.

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, 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.

In order to mitigate the negative consequences caused by the restrictive measures adopted to contain the COVID-19 outbreak, several countries in which the Group operates have enacted national provisions to postpone the payment of the instalments upon request of customers or automatically (the so-called "*moratoria*").

In accordance with ESMA statements of 25 March 2020, the Group has not derecognised credit exposures that were subject to such *moratoria*.

LLPs totaled Euro 4,996 million in FY20 (+47.7 per cent. FY/FY) of which Euro 2,220 million were specific LLPs, and Euro 2,203 million were overlays on LLP increasing the forward-looking coverage to reflect COVID-19 economic impact on the portfolio, and Euro 572 million on regulatory impacts stemming from the introduction of new models or updating of the existing ones and from the quantification of the evaluative effects correlated to the new European rules on to the classification of the default clients (new Definition of Default). The specific cost of risk, including only the specific LLPs, was 47 bps, still under control despite COVID-19.

In order to cope with the extraordinary contingency of COVID-19 and the peculiar dynamic of a deflated default risk observed in the course of 2020 as a consequence of supporting measures and a potential cliff-effect in 2021 when the measures will expire, an upward corrective factor has been applied on both the 2020 default rate and the 2021 forecast underlying the updated calibration of IFRS models for the 31 December 2020 figures and likely postponement of part of default risk in 2021.

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

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2020 – Consolidated report on operations – Group results, page 62.

In 1Q21, LLPs totaled Euro 167 million (-86.7 per cent Y/Y) of which Euro 204 million were specific LLPs, and -Euro 37 million were write-backs overlays on loans updating the forward-looking coverage to reflect COVID-19 economic impact on the portfolio. The specific cost of risk, including only the specific LLPs, was 18 bps, still under control despite COVID-19.

In light of the above, the Issuer evaluates that the materiality of both the credit risk and the risk of credit quality deterioration shall be medium-high."

- In the subsection "*Risks related to the financial situation of the Issuer and the Group*", the Risk Factor headed "*Risks associated with the Group's exposure to sovereign debt*", on pages 24-25 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

As at 31 March 2021, the Group's sovereign exposures in debt amounts to Euro 118,052 million (as at 31 December 2020 it amounted to Euro 110,542 million), of which about 85 per cent. concentrated in eight countries. In particular, the Group's exposure to Italian sovereign debt in debt securities amounts to Euro 46,318 million (at 31 December 2020 it amounted to Euro 42,638 million) and represents, respectively, over 39 per cent. of the Group's total sovereign exposure represented by debt securities (about 39 per cent. at 31 December 2020) and about 5 per cent. of the Group total assets (unchanged from 31 December 2020). Increased financial instability and the volatility of the market, with particular reference to the increase of credit spread, or the rating downgrade of sovereign debt, as well as the rating downgrade of Italian sovereign debt, or forecasts that such downgrades may occur, could negatively impact the financial position of UniCredit and/or the Group considering their 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 in debt, the book value of sovereign debts securities as at 31 March 2021 amounted to Euro 118,052 million (as at 31 December 2020 it amounted to Euro 110,542 million), of which about 85 per cent. was concentrated in eight countries, including: Italy with Euro 46,318 million (at 31 December 2020 it amounted to Euro 42,638 million), representing over 39 per cent. of the total (about 39 per cent. at 31 December 2020) and about 5 per cent. of the Group total assets (unchanged from 31 December 2020); Spain with Euro 17,243 million; Germany with Euro 13,705 million; Japan with Euro 8,536 million; Austria with Euro 4,967 million; United States of America with Euro 3,432 million; France with Euro 3,215 million and Romania with Euro 2,371 million.

As at 31 March 2021, the remaining 15 per cent. of the total sovereign exposures in debt securities, equal to Euro 18,265 million as recorded at the book value, was divided between 37 countries, including: Hungary (Euro 1,929 million), Bulgaria (Euro 1,913 million), Czech Republic (Euro 1,723 million), Portugal (Euro 1,693 million), Croatia (Euro 1,512 million), Russia (Euro 1,182 million), Ireland (Euro 1,096 million), Serbia (Euro 995 million), Poland (Euro 914 million), Israel (Euro 534 million) and Belgium (Euro 525 million). The exposures in sovereign debt securities relating to Greece are immaterial.

As at 31 March 2021, there is no evidence of default of the exposures in question.

Note that the aforementioned remainder of the sovereign exposures held as at 31 March 2021 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 2,617 million (as at 31 December 2020 it amounted to Euro 2,275 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.

Total loans to countries to which the total exposure is greater than Euro 130 million, which represented about 95 per cent. of said exposures, as at 31 March 2021, amounts to Euro 24,080 million (as at 31 December 2020 it amounted to Euro 25,009 million).

Furthermore, it should be noted that one of the pillars of the Strategic Plan 2020-2023 is the capital and balance sheet management, according to which the strengthening of the balance sheet will continue with the ongoing, gradual alignment of the domestic sovereign bond portfolio with those of Italian and European peers."

- In the subsection "*Risks related to the financial situation of the Issuer and the Group*", the Risk Factor headed "*Risks relating to deferred taxes*", on page 25 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.1.5* <u>*Risks relating to deferred taxes*</u>

*As at 31 December 2020, UniCredit recognized Deferred Tax Assets (**DTAs**) for Euro 11,361 million, of which Euro 7,491 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (**Law 214/2011**). As of 31 December 2019, DTAs totally amounted to Euro 12,129 million, of which Euro 8,302 million available for conversion to tax credits pursuant to Law 214/2011. In relation to Convertible DTAs the fee due for fiscal year 2020 was paid on 26 June 2020 for an amount equal to Euro 112 million.*

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

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

Following the outbreak of the COVID-19 pandemic, on 17 March 2020, Law Decree No. 18 (**Cura Italia Decree**) has been adopted, which, among other things, provides special measures to mitigate the effects of COVID-19 for taxpayers. In particular, Article 55 of the Cura Italia Decree allows to convert DTAs into tax credits, following the disposal of non-performing loans to legal entities not belonging to the Group by 31 December 2020. The conversion into tax credits applies to the DTA's on TLCF and allowance for corporate equity (**ACE**) surpluses, also in case the DTA's are off balance sheet. As of 31 December 2020, Euro 110 million of DTA's were converted into tax credits.

As at 31 December 2020, UniCredit recognized DTAs for Euro 11,361 million, of which Euro 7,491 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (**Law 214/2011**). As of 31 December 2019, DTAs totally amounted to Euro 12,129 million, of which Euro 8,302 million available for conversion to tax credits pursuant to Law 214/2011. In relation to Convertible DTAs the fee due for fiscal year 2020 was paid on 26 June 2020 for an amount equal to Euro 112 million.

As at 31 December 2020, the remaining Deferred Tax Assets (i.e., DTAs non-convertible into tax credits) are related to costs and write-offs deductible in future years, for Euro 2,749 million (net of related deferred tax liabilities), and to tax losses carried forward (TLCF) for Euro 1,120 million (of which Euro 982 million DTAs on TLCF and Euro 138 million tax credit IRAP deriving from the conversion of the ACE benefit). DTAs on TLCF are mainly related to UniCredit S.p.A., also as Italian

Tax Group Parent Company, for Euro 677 million, to UniCredit Bank Austria AG for Euro 210 million, and to UniCredit Bank AG for Euro 64 million.

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

At Group level total not recognized DTAs TLCF are equal to Euro 4,368 million mainly referred to UniCredit S.p.A. for Euro 3,392 million, to UniCredit Leasing S.p.A. for Euro 277 million and to Sub-groups UniCredit Bank AG for Euro 401 million and UniCredit Bank Austria AG for Euro 287 million.

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

- In the subsection "*Risks related to the business activities and industry of the Issuer and the Group*", the Risk Factor headed "*Liquidity Risk*", on pages 25-27 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.2.1* *Liquidity Risk*

*The main indicators used by the UniCredit Group to assess its liquidity profile are (i) the Liquidity Coverage Ratio (**LCR**), which represents an indicator of short-term liquidity subject to a minimum regulatory requirement of 100 per cent. from 2018 and which was equal to 180 per cent. in March 2021, whereas as at 31 December 2020 was equal to 171 per cent. (calculated as the average of the 12 latest end of month ratios), and (ii) the Net Stable Funding Ratio (**NSFR**), which represents the indicator of structural liquidity and which, in March 2021, was above the internal limit set at 102.5 per cent., whereas as at 31 December 2020 was above the internal limit set at 101.3 per cent. within the risk appetite framework. 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) 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, which have been increased in some countries. Due to the financial market crisis, followed also by the reduced liquidity available to operators in the sector, the ECB has implemented important interventions in monetary policy, such as the "Targeted Longer-Term Refinancing Operation" (**TLTRO**) introduced in 2014 and the TLTRO II introduced in 2016. In March 2019, the ECB announced a new series of quarterly targeted longer-term refinancing operations (**TLTRO-III**) to be launched in September 2019 to March 2021, each with a maturity of two years, recently shifted by an additional year. In March 2020, new long term refinancing operations (**LTROs**) were announced to provide a bridge until the TLTRO III window in June 2020 and ensure liquidity and regular money market conditions. These measures were integrated with temporary collateral easing measures.*

It is not possible to predict the duration and the amounts with which these liquidity support operations can be repeated in the future, with the result that it is not possible to exclude a reduction or even the cancellation of this support. This would result in the need for banks to seek alternative sources of borrowing, without ruling out the difficulties of obtaining such alternative funding as well as the risk *that the related costs could be higher. Such a situation could therefore adversely affect UniCredit's business, operating results and the economic and financial position of UniCredit and / or the Group.*

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 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 NSFR, which corresponds to the ratio between the available amount of stable funding and the required amount of stable funding. While the LCR is already in force, the NSFR has been introduced as a requirement in the CRRII published in June 2019 and will apply from June 2021.

As of March 2021, the LCR of the Group was equal to 180 per cent., whereas as at 31 December 2020 was equal to 171 per cent. (calculated as the average of the 12 latest end of month ratios). As of March 2021, the NSFR was above the internal limit of 102.5 per cent., whereas as at 31 December 2020 was above the internal limit set at 101.3 per cent. set in the risk appetite framework.

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

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

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

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

An important mitigating factor to these risks are the contingency management policies in place in the Group system of rules and the measures announced by the ECB, which have granted a higher flexibility in the management of the current liquidity situation by leveraging on the available liquidity buffers.

As of March 2021, the total debt of the UniCredit Group with the ECB through TLTRO III was Euro 107.1 billion, with a timetable of maturities scheduled for June 2023 and March 2024.

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

TLTRO III

Effect from	Maturity	Amounts (Euro – billion)
24 June 2020	28 June 2023	94.33
24 March 2021	27 March 2024	12.7
Total		**107.1**"

- In the subsection "*Risks related to the business activities and industry of the Issuer and the Group*", the Risk Factor headed "*Risk related to property market trends*", on page 27 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.2.2* *Risk related to the property market trends*

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

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

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

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

As at 31 December 2020, fair value of both properties held for investment and properties used in business was re-determined through external appraisals.

The update of appraisals has led to an overall positive balance sheet effect of Euro 115 million gross of tax, as detailed below:

- for real estate assets used in business, the recognition of an increase in the specific valuation reserve for an amount of Euro 105 million gross of tax effect. In addition to this increase, net gains for Euro 6 million were recognised in the income statement gross of the tax effect;
- for real estate assets held for investment, the recognition of an income statement results equal to Euro 4 million gross of the tax effect.

It is worth to note that the valuation of properties at current values implies a possible risk of volatility as well as an increase of the so-called real estate risk. By reference to the real estate units held as at 31 December 2020 and their corresponding market value overall equal to Euro 5,961 million, has been estimated a sensitivity to the increase/decrease in real estate values of +/-1 per cent. equal to approximately Euro 60 million corresponding to approximately +/-2 basis point of CET1 ratio.

It must furthermore be noted that the measurement of inventories of property, plant and equipment, to the lower between cost and net realizable value, has determined the recognition of a write-down for Euro 20 million.

Furthermore, during the first half 2020, the Group has sold a real estate complex in Munich composed by both real estate assets held for investment and real estate assets used in business for a sale price equal to Euro 1,012 million.

This circumstance has determined for assets used in business, for which according to IAS8 the change to revaluation model is applied prospectively from 31 December 2019, the recognition of a gain on disposal for Euro 443 million (gross of tax) in the first half 2020 when these properties have been derecognised.

Conversely, for assets held for investments, for which according to IAS8 the change to fair value model is applied retrospectively, the adjustment to the sale price has already been recognized in the last quarter of 2019.

For further information, please see the consolidated financial statements of UniCredit as at 31 December 2020, Part B - Consolidated balance sheet - Assets - Section 9 - Property, plant and equipment - Item 90."

- In the subsection "*Risks related to the business activities and industry of the Issuer and the Group*", the Risk Factor headed "*Risks connected with the UniCredit Group's activities in different geographical areas*", on pages 28-29 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.2.3* *<u>Risks connected with the UniCredit Group's activities in different geographical areas</u>*

The UniCredit Group operates in different countries and, therefore, the UniCredit Group's activities are affected by the macroeconomic context of the markets in which it operates. Italy accounted for 48 per cent. of the UniCredit Group's total revenue during FY20[10] *and is the Group's primary market. The UniCredit Group also operates and has a significant presence in Austria and Germany (which*

[10] Based on regional view

accounted for 10 per cent. and 23 per cent., respectively, of the UniCredit Group's total revenue for FY20). The deterioration in the macroeconomic conditions in either Austria, Germany or Italy (including the increase of domestic capital markets volatility) may adversely affect the UniCredit Group's profitability, as well as its assets and operations, balance sheet and/or income statement.

The Group's business is closely connected to the Italian economy and could, therefore, be negatively impacted by any changes in its macroeconomic environment. Economic forecasts and the current political and social health situation generate considerable uncertainty surrounding the future growth of the Italian economy.

In addition to other factors that may arise in the future, declining or stagnating Italian Gross Domestic Product (**GDP**), rising unemployment and unfavourable conditions in the financial and capital markets in Italy could result in declining consumer confidence and investment in the Italian financial system and increases in the number of impaired loans and/or loan defaults, leading, among others, to an overall reduction in demand for services the Group offers. Thus, a persistence of adverse economic conditions, political and economic uncertainty and/or a slower economic recovery in Italy compared with other countries of the Organization for Economic Co-operation and Development (**OECD**) could have a material adverse effect on the Group's results of operations, business and financial condition.

The UniCredit Group operates and has a significant presence also in Central and Eastern European countries (**CEE countries**) including, among others, Turkey, Russia, Croatia, the Czech Republic, Bulgaria and Hungary, which accounted for 20 per cent. of the Group's total revenue for FY20. The risks and uncertainties to which the UniCredit Group is exposed are of a different nature and magnitude depending on the country and whether the country belongs to the European Union, which is one of the main factors taken into consideration when evaluating these risks and uncertainties.

CEE countries will recover gradually from the COVID-19 induced decline in economic activity. While GDP could return to pre-pandemic levels by late 2021 in most CEE countries, services – especially tourism – and manufacturing with long global supply chains could lag in the recovery. The introduction of further sanctions remains a limited risk for Turkey. In addition, the economic recovery in Turkey remains vulnerable to global financial conditions, although the hawkish CBRT supports TRY financial assets.

For further information, see Risk 1.1.1 "*Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak*".

Additional and adverse effects may result from the more restrictive CEE regulations as they may bind the Group to implement further recapitalization operations for its subsidiaries considering the risk of being subject to - among other things - regulatory and governmental initiatives of these countries. As a result, the UniCredit Group may be called upon to ensure a greater level of liquidity for its subsidiaries in these areas. Furthermore, the Group may have to increase impairments on loans issued due to a rise in estimated credit risk. Negative implications in terms of quality of credit could, specifically, involve the UniCredit Group's exposures denominated in Swiss francs (CHF) in selected CEE countries, also as a result of the decision by the Swiss Central Bank in January 2015 to remove the Swiss franc/Euro ceiling.

Finally it should be noted that, on the other hand, as a result of the financial crisis, in many of the countries in which the Group operates, the supervisory authorities have adopted measures aimed at reducing the exposure of banks operating within these territories to associated banks that operate in countries other than those in which the said authorities exercise their regulatory powers. In this context, some supervisory authorities have asked that the Group companies reduce their credit exposure to other Group companies and, in particular, their exposure to UniCredit. This has prompted UniCredit to implement self-sufficiency policies, based essentially on increasing the commercial funding and using financing from outside the Group where necessary.

The implementation of such policies could result in a deterioration, whether real or perceived, in the credit profile (particularly in Italy) and could have a significant negative effect on borrowing costs and, consequently, on the operating and financial results of the Issuer and of the Group."

- In the subsection "*Risks related to the business activities and industry of the Issuer and the Group"*, the Risk Factor headed "*Market risks"*, on pages 29-30 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.2.4* *Market risks*

*The UniCredit Group is exposed to Market Risk. Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading Book, as well as those posted in the Banking Book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments. As at 31 December 2020, Risk-Weighted Assets (**RWA**) for Market Risk (excluding credit valuation adjustments - CVA Risk) amounted to Euro 9.1 billion out of a total of Euro 325.7 billion of Total Group RWA. Total Market Risk RWA (excluding CVA Risk) are split between the part calculated under the internal model (Euro 6,292 million) and the standardised approach (Euro 2,839 million). In addition, an additional capital requirement of Euro 507 million was introduced starting from 31 December 2019.*

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

Market risk management within the UniCredit Group accordingly includes all the activities relating to cash transactions and capital structure management, both for the Parent Company, as well as for the individual companies making up the Group.

Specifically, the trading book includes positions in financial instruments and commodities held either for trading purposes or to hedge other elements of the trading book. In order to be subject to the capital treatment for the trading book in accordance with the applicable policy "Eligibility Criteria for the Regulatory Trading Book Assignment", the financial instruments must be free from any contractual restrictions on their tradability, or able to be hedged. Furthermore, the positions must be frequently and accurately valued and the portfolio must be actively managed.

The risk that the value of a financial instrument (asset or liability, liquidity or derivative instrument) may change over time is determined by five standard market risk factors: (i) credit risk: the risk that the value of an instrument may decrease due to a change in credit spreads; (ii) share price risk: the risk that the value of an instrument may decrease due to changes in share prices or indices; (iii) interest rate risk: the risk that the value of an instrument may decrease due to a change in interest rates; (iv) exchange rate risk: the risk that the value of an instrument may decrease due to a change in exchange rates; and (v) commodity price risk: the risk that the value of an instrument may decrease due to a change in the prices of commodities (e.g. gold, crude oil).

The UniCredit Group manages and monitors its market risk using two sets of measures: (i) broad market risk measures; and (ii) granular market risk measures.

As at 31 December 2020, RWA (Risk-Weighted Assets) for Market Risk (excluding credit valuation adjustments - CVA Risk) amounted to Euro 9.1 billion out of a total of Euro 325.7 billion of Total Group RWA. Total Market Risk RWA (excluding CVA Risk) are split between the part calculated under the internal model (Euro 6,292 million) and the standardised approach (Euro 2,839 million). In addition, an additional capital requirement of Euro 507 million was introduced starting from 31 December 2019."

- In the subsection "*Risks related to the business activities and industry of the Issuer and the Group*", the Risk Factor headed "*Interest rate fluctuation and exchange rate risk*", on page 30 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.2.5* *Interest rate fluctuation and exchange rate risk*

The interest rate banking book, earnings and economic value are exposed to: changes in interest rate that may have a major negative impact in the value of the assets and liabilities held by the Group, change the behavioural model, change in basis of Interest rate curve tenor and changes of the Interest rate volatilities.

The UniCredit Group implements also a hedging policy of risks related to the fluctuation of interest rates. Such hedges are based on estimates of behavioural models and interest rate scenarios and aimed to mitigate the negative effect of an adverse and unexpected change of the interest rates on the activity, operating results and capital and financial position of the Group.

Furthermore, a significant portion of the Group's business is done in currencies other than Euros. Therefore, any negative change in exchange rates and/or a hedging policy that turns out to be insufficient to hedge the related risk could have major negative effects on the activity, operating results and capital and financial position of the Issuer and/or the Group.

It should be considered that UniCredit Group is mainly exposed to foreign-exchange risk toward the U.S. dollar.

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

For further information, please see the consolidated financial statements of UniCredit as at 31 December 2020, Part E – Information on risks and hedging policies, incorporated by reference herein."

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

"*1.2.6* *Operational risk*

The UniCredit Group is exposed to operational risk, namely the risk of suffering losses due to errors, violations, interruptions, damages caused by internal processes, personnel, strikes, systems (including IT systems on which the UniCredit Group depends to a great extent) or caused by external, unforeseen events, entirely or partly out of the control of the UniCredit Group (including, for example, fraud, deception or losses resulting from the disloyalty of employees and/or from the violation of control procedures, IT virus / cyber attacks or the malfunction of electronic and/or communication services, possible terrorist attacks). The realisation of one or more of these risks could have significant negative effects on the activity, operating results and capital and financial position of the Issuer and/or the Group.

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

The main sources of operational risk statistically include the instability of operational processes, poor IT security, excessive concentration of the number of suppliers, changes in strategy, fraud, errors, recruitment, staff training and loyalty and, lastly, social and environmental impacts. It is not possible to identify one consistent predominant source of operational risk.

The UniCredit Group has a framework for managing operational risks, comprising a collection of policies and procedures for controlling, measuring and mitigating Group operational risks. These measures could prove to be inadequate to deal with all the types of risk that could occur and one or more of these risks could occur in the future.

Referring to operational risks' effects arising from the COVID-19 pandemic, analysis were carried out in order to identify risks arising from process changes adopted time by time to protect the health of employees and customers.

With reference to the operational risks identified, the effectiveness of the risk mitigation measures was then assessed also through a comparative analysis between different Group Legal Entities. In addition, specific second-level controls were activated to oversee those areas that were subject to the most significant changes. A specific monitoring of operational incidents linked, even indirectly, to the entire COVID-19 pandemic has been created in order to promptly intercept potential process criticalities or inappropriate behaviours.

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

UniCredit Group has always invested a lot of efforts and resources in upgrading its IT systems and improving its defence and monitoring systems. Based also on the Strategic Plan 2020-2023, operational risk remains a significant focus for the Group, with reinforced controls of business and governance process across all legal entities and with the launch of a permanent optimisation of work process. However, possible risks remain with regard to the reliability of the system, the quality, integrity and confidentiality of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the operations of the UniCredit Group, as well as on the capital and financial position of the Issuer and/or the Group.

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

UniCredit Group is subject to the regulations governing the protection, collection and processing of personal data in the jurisdictions in which it operates. While the Group has internal procedures that are responsive to applicable regulation, it remains exposed to the risk that the data could be damaged or lost, or removed, disclosed or processed (data breach) for purposes other than those authorized by the customer, including by unauthorized parties (such as third parties or Group employees) or with insufficient lawful basis (e.g. Standard Contractual Clauses to be signed in case of transfer of personal data outside EEA as per European Court of Justice decision of July 2020[11]). Examples of data processed for purposes other than those for which they were collected or by unauthorised parties may be: the viewing of data by employees outside their work duties or for clients of other branches/portfolios of other managers; the employee of a supplier, appointed as Data Processor, processing the data with procedures/methods or for purposes other than those stated in the Data Processing Agreeement.

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

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

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

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

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

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

"*1.2.7.1 <u>Risks connected with legal proceedings in progress</u>*

As at the date of this Base Prospectus, UniCredit and other UniCredit Group companies are named as defendants in several legal proceedings. In particular, as at 31 December 2020, UniCredit and other UniCredit Group companies were named as defendants in about 37,900 legal proceedings of which approx. 9,200 involving UniCredit (excluding labour law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be

[11] Judgment in Case C-311/18, Data Protection Commissioner v Facebook Ireland and Maximillian Schrems, that invalidated the adequacy decision of personal data protection provided by the "EU-US Data Protection Shield".

involved in civil and/or criminal proceedings, the details of which the UniCredit Group may not lawfully know about or communicate.

Risk arising from legal pending proceedings consists in the possibility for UniCredit to bear claims for damages in case of unfavourable outcome of such proceedings.

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

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 31 December 2020, the UniCredit Group set aside a provision for risks and charges of Euro 655.9 million, of which Euro 370.7 million for the parent company UniCredit S.p.A. As of 31 December 2020, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 10 billion, of which approximately Euro 6.6 billion for the proceedings involving the parent company UniCredit S.p.A. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

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

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

- In the subsection "*Risks related to the business activities and industry of the Issuer and the Group"*, the Risk Factor headed "*Risks arising from tax disputes"*, on pages 32-33 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.2.7.2* <u>*Risks arising from tax disputes*</u>

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

Specifically, as at 31 December 2020, there were 346 tax disputes involving counterclaims pending with regard to UniCredit and other companies belonging to the UniCredit Group's Italian perimeter, net of settled disputes, for a total amount equal to Euro 110.32 million.

As of 31 December 2020, the total amount of provisions for tax risks related to legal proceedings, inspections, and tax credits amounted to Euro 180.8 million, of which Euro 6.4 million for legal expenses.

As far as the tax inspections and tax disputes are concerned, in relation to 31 December 2020, reference is made to Section headed "*Legal and Arbitration proceedings*" of this Base Prospectus.

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

For further information in relation to the tax proceedings please see Section headed "*Legal and Arbitration proceedings*" in the "*Description of UniCredit and the UniCredit Group*" of this Base Prospectus."

- In the subsection "*Risks connected with the legal and regulatory framework*", the Risk Factor headed "*Basel III and Bank Capital Adequacy*", on pages 33-35 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 Issuer shall comply with the revised global regulatory standards (**Basel III**) on bank capital adequacy and liquidity, which impose requirements for, inter alia, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. In terms of banking prudential regulations, the Issuer is also subject to the Bank Recovery and Resolution Directive 2014/59/EU of 15 May 2014 (**BRRD**, implemented in Italy with the Legislative Decree 180 and 181 of 16 November 2015) on the recovery and resolution of credit institutions, as well as the relevant technical standards and guidelines from EU regulatory bodies (i.e. the European Banking Authority (EBA)), which, inter alia, provide for capital requirements for credit institutions, recovery and resolution mechanisms.Should UniCredit not be able to meet the capital requirements imposed by the applicable laws and regulations, it may be required to maintain higher levels of capital which could potentially impact its credit ratings, and funding conditions and which could limit UniCredit's growth opportunities.*

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 Regulation 2013/575/EU (the **CRR**, together with the CRD IV Directive, the **CRD IV Package**) subsequently updated in the Regulation No. 876/2019 and Directive (EU) No. 2019/878 (the **Banking Reform Package** with CRR II and CRD V). In addition to the capital requirements under CRD IV, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities (the **Minimum Requirement for Own Funds and Eligible Liabilities, MREL**). The Issuer has to meet MREL requirements on a consolidated basis, as well as the standard on total loss absorbing capacity for systemically important banks (**TLAC**). The MREL and TLAC requirements involve similar risks. They constrain the structure of liabilities and require the use of subordinated debt, which have an impact on cost and potentially on the Issuer's financing capacity. The Banking Reform Package also contains the Directive (EU) 2019/879 (**BRRD II**), which amended the BRRD, introducing, inter alia, significant changes to the standards regarding the calibration of the MREL requirement for banks that are systematically relevant and redefining the scope of MREL itself in order to align the eligibility criteria with those set out in the CRR so as to converge this ratio with the TLAC.

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.

<u>Capital Adequacy requirements</u>

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

In December 2019, UniCredit has been informed by ECB of its final decision concerning capital requirements following the results of its annual SREP. With its decision, the Single Supervisor has lowered, compared to the SREP decision of the previous year, the Pillar 2 capital requirement by 25 basis points to 175 basis points, applicable from 1 January 2020. As a consequence, UniCredit was required to meet the following overall capital requirements on a consolidated basis from 1 January 2020:

- Common Equity Tier 1 ratio 9.84 per cent.;
- Tier 1 ratio 11.34 per cent.;
- Total Capital ratio 13.34 per cent.[12].

Furthermore, the SREP 2019 letter includes, among the qualitative measures, the same regarding the management of non-performing loans as in the previous year. Indeed, following the ECB's request to banks in countries with relatively high levels of non-performing loans, the Issuer has been requested to:

i. provide the ECB by 31 March 2020 with an update of the three-year strategic and operational plan for the management of NPEs, including clear quantitative targets aimed at reducing the high level of NPEs;

ii. provide the ECB, by 31 August 2020 and based on data as at 30 June 2020, with information on the status of implementation of the strategic and operational plan for the management of NPEs.

Subsequently, within the framework of the ECB's actions to mitigate the impact of COVID-19 and allow banks to focus on related operations, the above deadlines were initially amended to 30 September; last July they were postponed to 31 March 2021 in order to provide banks with additional time to better estimate the impact of the COVID-19 pandemic on asset quality.

It should also be noted that the ECB indicated in its SREP 2019 letter the Group's activities in Russia and Turkey as an area of weakness, uncertainty and potential risk due to potential macroeconomic and political developments in these countries.

In addition, in April 2020, following the COVID-19 emergency, the ECB has amended its SREP 2019 decision establishing that 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 (in the original decision the P2R was to be held entirely in the form of Common Equity Tier 1 Capital).

This implies that UniCredit and the other Banks supervised by ECB are allowed to partially use Additional Tier 1 or Tier 2 instruments in order to comply with the P2R instead of Common Equity

[12] Assuming the Countercyclical Capital Buffer equal to the 2019 year-end value. 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 may therefore vary on a quarterly basis over the reporting period.

Tier 1 (**CET1**) capital. This advances a measure that was initially planned to enter into force in January 2021, following the latest revision of the Capital Requirements Directive (**CRD V**).

The early introduction of this measure brings further improvement in the UniCredit Capital adequacy, as UniCredit's Overall Capital Requirement to be held in form of CET1 Capital is lowered by maximum 77bps, as a function of how Tier 1 and Total Capital compares with their respective requirements (i.e. being UniCredit's P2R equal to 175 bps it can be covered by maximum 77 bps by Additional Tier 1 and Tier 2 instruments of which maximum 44 bps can be covered by Tier 2 instruments).

As a consequence of all what above and of the decision adopted by the competent National Authorities concerning the Countercyclical Capital Buffers, as of 31 December 2020, UniCredit shall meet the following overall capital requirements on a consolidated basis:

- Common Equity Tier 1 ratio 9.03 per cent.;
- Tier 1 ratio 10.85 per cent.;
- Total Capital ratio 13.29 per cent..

On 12 May 2020, ECB Banking Supervision announced it had adjusted its SREP approach for 2020 in light of the COVID-19 pandemic. The European Banking Authority (**EBA**) also published on 23 July Guidelines for competent authorities for the special procedure for the SREP 2020, identifying how flexibility and pragmatism could be exercised in relation to the SREP framework in the context of this pandemic. The 2020 SREP cycle focused on the ability of the supervised entities to handle the challenges of the COVID-19 crisis and its impact on their current and prospective risk profile.

The ECB in fact announced that only in exceptional cases it would have updated the banks' current requirements and that it would not issue SREP decisions for the 2020 SREP cycle. The 2019 SREP decisions therefore would not be superseded nor amended and would remain in force (as amended by the March 2020 ECB Decisions changing the P2R compositions).

An operational letter from the ECB on 24 November 2020 confirmed this approach for UniCredit and the ECB did not make a formal 2020 SREP decision. Consequently, the abovementioned requirements as of 31 December 2020 are in force also for 2021 (except for any change in the countercyclical capital buffer, which is updated every quarter).

As of 31 December 2020, the consolidated capital ratios (CETI Capital, Tier 1 and Total Capital Transitional ratios) were equal to, respectively, 15.96 per cent., 18.22 per cent. and 20.72 per cent. with an excess of CET1 with respect to the requirement which the Group shall comply with (so called MDA buffer) of 693 bps.

It should be noted that from 30 June 2020 the Group has adopted the so called transitional phase-in regarding the application of the IFRS9 accounting principle, that implies a difference between the CET1 ratio Transitional (relevant for the respect of capital requirements) and the CET1 ratio Fully Loaded. As of 31 December 2020, the CET1 Fully Loaded of the Group was equal to 15.14 per cent., exceeding by 611 bps the fully loaded minimum capital requirements for CET1 ratio.

As of 31 December 2020, the fully loaded leverage ratio was 5.70 per cent., while the transitional leverage ratio stood at 6.21 per cent.

As a consequence of all what above above and of the decision adopted by the competent National Authorities concerning the countercyclical capital buffers, as of 31 March 2021, UniCredit shall meet the following overall capital requirements on a consolidated basis:

- Common Equity Tier 1 ratio: 9.03 per cent.
- Tier 1 ratio: 10.86 per cent.

- Total Capital ratio: 13.30 per cent.

As of 31 March 2021, the consolidated capital ratios (CETI Capital, Tier 1 and Total Capital Transitional ratios) were equal to, respectively, 16.54 per cent., 18.80 per cent. and 21.60 per cent., with an excess of CET1 with respect to the requirement which the Group shall comply with (so called MDA buffer) of 751 bps.

As of 31 March 2021, the CET1 Fully Loaded, i.e. calculated without considering the benefit arising from IFRS 9 Transitional arrangements, ratio of the Group was equal to 15.92 per cent., exceeding by 689 bps the fully loaded minimum capital requirements for CET1 ratio.

Always as of 31 March 2021, the fully loaded leverage ratio was 5.68 per cent., while the transitional leverage ratio stood at 6.09 per cent.

UniCredit participated in the 2019 stress test conducted by the ECB, the "Sensitivity analysis of Liquidity Risk - Stress Test 2019" (**LiST 2019**), which was an analysis based on idiosyncratic liquidity shocks with no macro-economic scenario nor market risk shocks. The outcome has been included into the SREP 2019. The sensitivity analysis also aimed to integrate the ECB SREP analyses with respect to banks' ILAAP and to deep-dive on certain aspects of their liquidity risk management, such as the ability to mobilize collateral and impediments to collateral flows. No individual results have been published by the ECB.

It should be noted that, if UniCredit participates in a new stress test, it may face a potential increase in minimum capital requirements, in the event that the Group is identified as vulnerable to the stress scenarios designed by the supervisory authorities. In this context, it should be noted that UniCredit is participating in the 2021 EBA EU-wide Stress Test, coordinated by the EBA together with the ECB, the European Systemic Risk Board and the competent national authorities, originally planned for 2020 but postponed in order to reduce the operational burden in the COVID-19 context. The results for the individual banks will be published at the end of July 2021.

During the fourth quarter of 2020, EBA performed an additional EU-wide transparency exercise to provide updated information as of June 2020 on banks' exposures and asset quality to financial operators; EBA published the results in the beginning of December 2020.

It should be noted that, on 12 March 2020, the ECB, taking into account the economic effects of COVID-19, announced certain measures aimed at ensuring that banks, under its direct supervision, can continue to provide credit support to the real economy.

Considering that the European banking sector acquired a significant amount of capital reserves (with the aim of enabling banks to face with stressful situations such as COVID-19), the ECB allows banks to operate temporarily below the capital level defined by the "Pillar 2 Guidance (**P2G**)" and the "capital conservation buffer (**CCB**)". Furthermore, the ECB expects these temporary measures to be further improved by an appropriate revision of the countercyclical capital buffer (**CCyB**) by the competent national authorities.

Moreover, due to the COVID-19 outbreak, with the recommendation of 27 March 2020 the ECB recommended that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions for the financial year 2019 and 2020 and that credit institutions refrain from share buy-backs aimed at remunerating shareholders.

Therefore, in order to be compliant with the ECB's recommendation, on 29 March 2020 the Board of Directors resolved to withdraw the proposed resolutions (i) to distribute a FY19 dividend and (ii) to authorize a share buyback and (iii) to cancel the treasury shares that may be purchased under the above mentioned authorisation, which were to be submitted for the Shareholders' Meeting convened on 9 April 2020.

Therefore, in March 2020, the Group released the FY19 dividend deducted up to December 2019 from CET1 capital for prudential purposes, with a positive effect of 37 basis points on the CET1 capital ratio.

Since the ECB, on 28 July 2020, extended its recommendation to banks on dividend distributions and share buy-backs (**SBB**) until 1 January 2021 and asked banks to be extremely moderate with regard to variable remuneration, UniCredit has not paid dividends nor done share buybacks in 2020. This was neutral for coupon payments on AT1 bond and cashes instruments.

On 15 December 2020, updating the communication of 28 July 2020, the ECB published the Recommendation 2020/62 "on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/35". The recommendation asks banks to "refrain from or limit dividends until September 2021"; banks are asked to limit dividends to the lower between (i) 15 per cent. of cumulated 2019-20 adjusted profits and (ii) 20 bps of CET1 ratio. At UniCredit, the lower value is represented by the 15 per cent. (ECB cap) of the cumulated stated net profits for the years 2019 and 2020, adjusted, as per ECB recommendation.

In particular, in accordance with the ECB recommendation, the cumulated 2019-2020 adjusted profit at consolidated level, on which the 15 per cent. payout ratio is applied, is calculated by adjusting the profit/loss result for the following items: (i) goodwill and intangible assets impairment, (ii) impairment of deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities, (iii) reclassifications from other comprehensive income into profit and (iv) distribution related to AT1 instruments charged against equity.

The amount resulting from such calculation is equal to a total amount of Euro 447 million, whose distribution for (i) 60 per cent. has been paid via cash dividends (equal to Euro 268 million) on 21 April 2021 following the approval by the Shareholders' Meeting and for (ii) 40 per cent. will be made via SBB (equal to Euro 179 million), already authorized by the Shareholders' Meeting and ECB, which is expected to be completed by the end of 3Q21. The cash component was already deducted from Own Funds in 4Q20, while the SBB component has been deducted from 1Q21, once the ECB authorization has been released.

In addition, the AGM in April 2021 has approved an extraordinary capital distribution for an amount of Euro 652 million, entirely in the form of SBB. This extraordinary capital distribution is subject to approval of the competent authorities and conditioned on the fact that, on 30 September 2021, the ECB will repeal the recommendation of 15 December 2020. This extraordinary SBB execution is expected to commence not before 1 October 2021.

Moreover, always conditional to the repeal of the recommendations on dividend distribution, UniCredit will re-instate the capital distribution policy in 2021 for financial year 2020 and following years. This means UniCredit targets to distribute 50 per cent. of underlying net profit to shareholders through a maximum 30 per cent. cash dividend payout of the underlying net profit and minimum 20 per cent. for share buyback. Based on the market environment, the Group could review the split between cash dividend and share buyback.

To conservatively account for its capital position, UniCredit has started from March 2021 to accrue the cash dividend for 2021 at a rate of 30 per cent. of the underlying net income, while the SBB is subject to regulatory approval and the related deduction from CET1 capital for prudential purposes will be done in Spring 2022 immediately following such regulatory approval.

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 "*Risks connected with ordinary and extraordinary contributions to funds established under* *the scope of the banking crisis rules"*, on page 36 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

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

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

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

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

For further information in relation to the above-mentioned ordinary and extraordinary contributions, please see the Issuer's audited consolidated annual financial report at 31 December 2020 incorporated by reference herein."

- In the subsection "*Risks connected with the legal and regulatory framework"*, the Risk Factor headed "*Risks connected with the entry into force of new accounting principles and changes to applicable accounting principles"*, on pages 36-37 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

The UniCredit Group is exposed, like other parties operating in the banking sector, to the effects of the entry into force and subsequent application of new accounting principles or standards and regulations and/or changes to them (including those resulting from IFRS as endorsed and adopted into European law). Specifically, in the future, the UniCredit Group may need to revise the accounting and regulatory treatment of some existing assets, liabilities and transactions (and related income and expense), with possible negative effects, including significant ones, on the estimates in financial plans for future years and this could lead the Group to having to restate financial data published previously.

In 2020 the following standards, amendments or interpretations came into force:

- Amendment to IFRS16 Leases COVID-19 Related Rent Concessions (EU Regulation 2020/1434);

- Amendments to IFRS3: Business Combinations (EU Regulation 2020/551);
- Amendments to IFRS9, IAS39 and IFRS7: Interest Rate Benchmark Reform (EU Regulation 2020/34);
- Amendments to IAS1 and IAS8: Definition of Material (EU Regulation 2019/2104);
- Amendments to References to the Conceptual Framework in IFRS Standards (EU Regulation 2019/2075);

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

As at 31 December 2020, the accounting standard "Amendments to IFRS4 Insurance Contracts - deferral of IFRS9" (EU Regulation 2020/2097) applicable to reporting starting from 1 January 2021 has been endorsed by the European Commission.

As at 31 December 2020, the IASB issued the following accounting standards whose application is subject to completion of the endorsement process by the competent bodies of the European Union, which is still ongoing:

- IFRS17 Insurance Contracts (May 2017) including Amendments to IFRS17 (June 2020);
- Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (January 2020 and July 2020 respectively);
- Amendments to IFRS3 Business Combinations; IAS16 Property, Plant and Equipment; IAS37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (May 2020);
- Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 Interest Rate Benchmark Reform - Phase 2 (August 2020). It should be noted that these amendments have been endorsed by the competent bodies of the European Union on 13 January 2021. The Group has not early adopted these amendments."

- In the subsection "*Risks relating to Subordinated Notes*", the Risk Factor headed "*Subordinated Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer*", on page 42 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.3.2 <u>Subordinated Notes may be subject to loss absorption on any application of the general bail-in-tool or at the point of non-viability of the Issuer or may be the subject to the burden sharing requirements of the EU State aid framework and the BRRD</u>

Investors should be aware that, in addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Subordinated Notes at the point of non-viability and before any other resolution action is taken, with losses absorbed in accordance with the priority of claims under normal insolvency proceedings (Non-Viability Loss Absorption). Any shares issued to holders of Subordinated Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

Furthermore, the BRRD provides for a Member State as a last resort, after having assessed and applied the resolution tools (including the general bail-in tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD. As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalization EU state aid rules require that shareholders and junior bond holders (such as holders of the Subordinated Notes) contribute to the costs of restructuring.

As a result, Subordinated Notes may be subject to a partial or full write-down or conversion to Common Equity Tier 1 instruments of the Issuer or one of the UniCredit Group's entities or another institution. Accordingly, trading behaviour may also be affected by the threat that Non-Viability Loss Absorption (or the general bail-in tool) may be applied to Subordinated Notes or the burden sharing requirements of the EU state aid framework and the BRRD may be applied and, as a result, Subordinated Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the Non-Viability Loss Absorption (or the general bail-in tool) is applied to the Subordinated Notes or the burden sharing requirements of the EU state aid framework and the BRRD are applied or that such Subordinated Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

In addition, on 20 April 2021, the Italian Parliament approved delegation law (*Legge di delegazione europea*) 2019-2020 (the **BRRD II Delegation Law**), which provides for the implementation of the BRRD II in Italy and sets forth, under Article 11, the principles for such implementation. However, the BRRD II Delegation Law does not contain specific provisions transposing Article 48(7) of BRRD II into Italian law, and it is therefore unclear how this provision will be implemented in Italy. According to Article 48(7) of BRRD II, a claim resulting from an Own Funds item shall rank lower than any claim that does not result from an Own Funds item and if an instrument is only partly recognised as an Own Funds item, the whole instrument shall be treated as a claim resulting from an Own Funds item. In other jurisdictions in the EU, such transposition requires certain instruments which are fully disqualified as own funds items to be treated with an improved ranking compared to any claim that results from an Own Funds item (such as Subordinated Notes). Once Article 48(7) of BRRD II is implemented in Italy, if Subordinated Notes of the Issuer were to be disqualified entirely as Own Funds items in the future, their ranking could improve compared to Subordinated Notes which at the relevant time qualify as Own Funds items (in whole or in part)."

- In the subsection "*Risks relating to Additional Tier 1 Notes*", the Risk Factor headed "*The Additional Tier 1 Notes may be subject to write-down, cancellation or conversion upon the occurrence of the exercise by the relevant resolution authority of the general bail-in tool or capital instruments write-down and conversion powers, which powers are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down on the occurrence of a Contingency Event*", on pages 44-45 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.4.2 The Additional Tier 1 Notes may be subject to write-down, cancellation or conversion upon the occurrence of the exercise by the relevant resolution authority of the general bail-in tool or capital instruments write-down and conversion powers, which powers are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down on the occurrence of a Contingency Event, or may be subject to the burden sharing requirements of the EU State aid framework and the BRRD

Noteholders should understand that the powers to convert, write-down or cancel the Additional Tier 1 Notes given to resolution authorities pursuant to the rules and regulations described below are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down upon the occurrence of a Contingency Event.

Investors should be aware that, in addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Additional Tier 1 Notes through the application of Non-Viability Loss Absorption. Any shares issued to holders of Additional Tier 1 Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

Furthermore, the BRRD provides for a Member State as a last resort, after having assessed and applied the resolution tools (including the general bail-in tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD. As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalization EU state aid rules require that shareholders and junior bond holders (such as holders of the Additional Tier 1 Notes) contribute to the costs of restructuring.

As a result, the Additional Tier 1 Notes may be subject to a partial or full write-down or conversion to common equity Tier 1 instruments of the Issuer or one of the UniCredit Group's entities or another institution. Accordingly, trading behaviour may also be affected by the threat that Non-Viability Loss Absorption (or the general bail-in tool) may be applied to the Additional Tier 1 Notes or the burden sharing requirements of the EU state aid framework and the BRRD may be applied and, as a result, the Additional Tier 1 Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the Non-Viability Loss Absorption (or the general bail-in tool) is applied to the Additional Tier 1 Notes or the burden sharing requirements of the EU state aid framework and the BRRD are applied or that such Additional Tier 1 Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

For as long as the Additional Tier 1 Notes are in global form and in the event that any Write-Down or Write-Up is required pursuant to the Conditions, the records of Euroclear and Clearstream, Luxembourg or any other clearing system of their respective participants' position held in the Additional Tier 1 Notes may not be immediately updated to reflect the amount of Write-Down or Write-Up and may continue to reflect the Prevailing Principal Amount of the Additional Tier 1 Notes prior to such Write-Down or Write-Up, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the Write-Down or Write-Up will occur. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records. Further, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Additional Tier 1 Notes in global form will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

In addition, on 20 April 2021, the Italian Parliament approved the BRRD II Delegation Law, which provides for the implementation of the BRRD II in Italy and sets forth, under Article 11, the principles for such implementation. However, the BRRD II Delegation Law does not contain specific provisions transposing Article 48(7) of BRRD II into Italian law, and it is therefore unclear how this provision will be implemented in Italy. According to Article 48(7) of BRRD II, a claim resulting from an Own Funds item shall rank lower than any claim that does not result from an Own Funds item and if an instrument is only partly recognised as an Own Funds item, the whole instrument shall be treated as a claim resulting from an Own Funds item. In other jurisdictions in the EU, such transposition requires certain instruments which are fully disqualified as own funds items to be trated with an improved ranking compared to any claim that results from an Own Funds item (such as Additional Tier 1 Notes). Once Article 48(7) of BRRD II is implemented in Italy, if Additional Tier 1 Notes of the Issuer were to be disqualified entirely as Own Funds items in the future, their ranking could improve compared to Additional Tier 1 Notes which at the relevant time qualify as Own Funds items (in whole or in part)."

- 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 47-51 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 or the Leverage Ratio buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments</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 (as described below) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to Common Equity Tier 1 and Additional Tier 1 instruments and variable remuneration to staff). In addition, the Banking Reform Package includes a new Article 141b in the CRD IV Directive which introduces restrictions on distributions in the case of failure to meet the Leverage Ratio buffer requirement (i.e. G-SIB buffer), thus introducing a new Leverage Ratio Maximum Distributable Amount (**L-MDA**). The BRRD II also introduces in the BRRD a new Article 16a that clarifies the stacking order between the combined buffer requirement and the MREL requirements (including the Pillar I MREL requirement). Pursuant to this new provision the resolution authority shall have the power to prohibit an entity from distributing more than the Maximum Distributable Amount for the Minimum Requirement for Own Funds and Eligible Liabilities "MREL" (calculated in accordance with Article 16a(4) of the BRRD, the **M-MDA**) where the combined buffer requirement is not met when considered in addition to the MREL requirement. Article 16a, envisages a potential nine month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision, before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

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

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

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

The CRRII and the CRDV introduce, among other things, a leverage ratio requirement of 3 per cent Tier 1 Capital, a leverage ratio related maximum distributable amount for G-SIIs (as described above) and changes to the relevant regulator’s application of the Pillar 2 Requirement. The CRRII and the CRDV entered into force on 27 June 2019. The date of application of the new rules varies from the date of their entry into force and 12 months to four years after their entry into force.

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

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

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 19 July 2018, competent authorities may, on the basis of the vulnerabilities and deficiencies identified in the SREP assessment, among other things, restrict or prohibit distributions or interest payments by a credit institution to members or holders of its Additional Tier 1 Capital instruments, as provided by Article 104 (1 (i)) of the CRD IV. Accordingly, the additional Pillar 2 Requirement that may be imposed on the Issuer and/or the UniCredit Group by the ECB pursuant to the SREP will require the Issuer and/or the UniCredit Group to hold capital levels above the Pillar 1 Requirement.

Also, as part of the CRD IV transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as Tier 1 and Tier 2 Capital instruments under the framework which the CRD IV has replaced that no longer meet the minimum criteria under the CRD IV Package will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 80 per cent. in 2014, with this cap decreasing by 10 per cent. in each subsequent year. A further rule introduced by the CRRII, applicable in respect of liabilities issued before 27 June 2019, allows for the "grandfathering" of instruments as, respectively, Additional Tier 1 instruments, Tier 2 instruments and eligible liabilities, even if they do not fully comply with certain requirements of the CRRII. This treatment is available until 28 June 2025 at the latest.

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", will be relevant in determining whether an institution meets its combined buffer requirement for the purposes of the Maximum Distributable Amount restrictions.

On 12 March 2020, the ECB, taking into account the economic effects of COVID-19, announced certain measures aimed at ensuring that banks, under its direct supervision, are still able to provide credit support to the real economy. In such context, the ECB has allowed banks to operate temporarily below the capital level defined by the Pillar 2 Guidance, the CCB and the LCR. Furthermore, the ECB expects these temporary measures to be further improved by an appropriate revision of the CCyB by the competent national authorities.

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

Required minimum CET1 Capital ratio		
	As at 31 December 2020	**As at 31 March 2021**
Pillar 1 CET1	4.50%	4.50%
Pillar 2 CET1 requirement	0.98%	0.98%
Combined capital buffer requirement	3.54%[1]	3.55%[1]
MDA level	**9.03%**	**9.03**

[1] Including 0.04 per cent. of countercyclical capital buffer as at 31 December 2020 and 0.05 per cent. as at 31 March 2021, to be calculated on a quarterly basis.

Required Minimum Tier 1 ratio		
	As at 31 December 2020	**As at 31 March 2021**
Pillar 1 CET1	4.5%	4.5%
Pillar 1 Additional Tier 1[1]	1.5%	1.5%

Pillar 2 Tier 1 requirement	1.31%	1.31%
Combined capital buffer requirement	3.54%[2]	3.55%[2]
MDA level	**10.85%**	**10.86**

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

[2] Including 0.04 per cent. of countercyclical capital buffer as at 31 December 2020 and 0.05 per cent. as at 31 March 2021, to be calculated on a quarterly basis.

Required Minimum Total Capital ratio		
	As at 31 December 2020	**As at 31 March 2021**
Pillar 1 CET1	4.5%	4.5%
Pillar 1 Additional Tier 1[1]	1.5%	1.5%
Pillar 1 Tier 2[2]	2%	2%
Pillar 2 Total Capital requirement	1.75%	1.75%
Combined capital buffer requirement	3.54%[3]	3.55%[3]
MDA level	**13.29%**	**13.30%**

[1] May be comprised of Additional Tier 1 or CET1.
[2] May be comprised of Tier 2, Additional Tier 1 or CET1.
[3] Including 0.04 per cent. of countercyclical capital buffer as at 31 December 2020 and 0.05 per cent. as at 31 March 2021, to be calculated on a quarterly basis.

As at 31 December 2020 and 31 March 2021, the consolidated capital ratios (CET1 Capital, Tier 1 and Total Capital ratios), are set out in the table below:

Capital ratios	**31 March 2021**	**31 December 2020**	**31 December 2019**
CET1 Capital ratio	16.54%	15.96%	13.22%
Tier 1 ratio	18.80	18.22%	14.90%
Total Capital ratio	21.60%	20.72%	17.69%

The fully loaded leverage ratio proforma[13] was 5.68 per cent. in 1Q21.

The transitional leverage ratio proforma stood at 6.09 per cent. in 1Q21.

[13] Pro forma ratio including deduction of the ordinary share buyback (subject to supervisory and AGM approval) of Euro 179 million. Stated Leverage Ratio fully Loaded at 5.70 and stated Leverage Ratio transitional at 6.21.

UniCredit is fully compliant with the TLAC requirement of greater than 19.5 per cent. [14] with a 1Q21 pro forma TLAC transitional ratio of 27.30 per cent. and a pro forma TLAC MDA transitional buffer of 775 bps.

Starting from 30 June 2020, CET1 Capital (and as a consequence also the CET1 capital ratio Tier 1 and 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. Moreover, the transitional adjustments with reference to the phase out limits for the Additional Tier 1 and Tier 2 capital instruments subject to grandfathering, in compliance with CRR Article 486, are still applicable (the applicable limit was 20 per cent. as of 31 December 2020, and 10 per cent. as of 31 March 2021). 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 comply with the CRR2 Articles 52 and 63.

If at any time the Issuer is unable to maintain its total own funds at the level necessary to meet its combined buffer requirement or, as appropriate, its Leverage Ratio buffer requirement, a Maximum Distributable Amount restriction would be applicable and the Issuer may be required to cancel interest payments on the Additional Tier 1 Notes. The Issuer's own funds requirements, including the Pillar 1 Requirement and the Pillar 2 Requirement, TLAC, MREL, the combined buffer requirement and the Leverage Ratio buffer requirement, are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Investors in the Additional Tier 1 Notes may not be able to assess or predict accurately the proximity of the risk of discretionary payments on the Additional Tier 1 Notes being prohibited from time to time as a result of the operation of Article 141 or Article 141b of the CRD IV Directive or Article 16a of the BRRD and, if relevant, in other similar payment restriction provision(s) under the Relevant Regulations. There can be no assurance that any of the own funds and MREL requirements, the combined buffer requirement or the Leverage Ratio buffer requirement applicable to the Issuer and/or the Group will not be amended in the future to include new and more onerous requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Additional Tier 1 Notes.

There can be no assurance that the own funds and MREL requirements, the combined buffer requirement or the Leverage Ratio buffer requirement applicable to the Issuer and/or the Group from time to time may not be higher than the levels of own funds and/or eligible liabilities, as applicable, available to the Issuer and/or the Group at such point in time. Also, there can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any higher Pillar 2 Requirement on the Issuer and/or the UniCredit Group. In addition, the measures put in place by the ECB to address concerns relating to the economic effects of COVID-19 are temporary in nature and are expected to expire.

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 the subsection "*Risks related to Notes generally*", the Risk Factor headed "*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such*

[14] 1Q21 TLAC transitional ratio 27.30 per cent. (o/w 24.80 per cent. TLAC subordination ratio and 2.5 per cent. senior preferred exemption) and MDA buffer of 775 bps. Current requirement 19.55 per cent. (assuming combined capital buffer as of 1Q21) with 2.50 per cent. senior exemption. Fully loaded requirement 21.55 per cent. (assuming combined capital buffer as of 1Q21) with 3.50 per cent. senior exemption.

"benchmarks", on pages 56-59 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.6.3* <u>*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*</u>

Interest rates and indices which are deemed to be "benchmarks" (including, without limitation, LIBOR and EURIBOR), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a rate or index deemed to be a "benchmark", including, without limitation, any Floating Rate Notes linked to or referencing LIBOR and/or EURIBOR or any Reset Notes referencing the relevant swap rate for swap transactions in the Specified Currency (as specified in the applicable Final Terms or Pricing Supplement with respect to the relevant Notes), in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

On 5 March 2021, ICE Benchmark Administration Limited (IBA), the administrator of LIBOR, published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology (the **IBA announcement**). Concurrently, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors, following the dates on which IBA has indicated it will cease publication (the **FCA announcement**). Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and US Dollar LIBOR settings and immediately after 30 June 2023 for certain other USD LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, US Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to require IBA to continue their publication under a changed methodology for a further period after end of 2021 (end of June 2023 in the case of US Dollar LIBOR). The FCA announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the case of the USD LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022.

The euro risk free-rate working group for the euro area has published a set of guidelines principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

As an example of such benchmark reforms, the FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted. Other interbank offered rates such as EURIBOR (together with LIBOR, **IBORs**) suffer from similar weaknesses to LIBOR and as a result (although no deadline has been set for their discontinuation), they may be discontinued or be subject to changes in their administration.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicated, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

Investors should be aware that, if an IBOR or any originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes (each an **Original Reference Rate**) were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes or Reset Notes which reference such Original Reference Rate will be determined for the relevant period by the fallback provisions applicable to such Notes, as indicated in the "Terms and Conditions for the English Law Notes" or the "Terms and Conditions for the Italian Law Notes". Such provisions could have an adverse effect on the value or liquidity of, and return on, any relevant Notes referring the relevant Original Reference Rate.

Investors should also be aware that the market continues to develop in relation to risk free rates, such as Secured Overnight Financing Rates (**SOFR**), as reference rates in the capital markets for U.S. dollar bonds, as applicable, and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are exploring alternative reference rates based on risk free rates, including term SOFR reference rates (which seek to measure the market's forward expectation of an average SOFR rate over a designated term). The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Terms and Conditions and used in relation to Floating Rate Notes that reference a risk free rate issued under this Base Prospectus. Interest on Notes which reference a risk free rate can be capable of being determined only immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable under Condition 11 (*Events of default*) of the Terms and Conditions for the English Law Notes and under Condition 13 (*Events of default*) of the Terms and Conditions for the Italian Law Notes, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

The "Terms and Conditions for the English Law Notes" or the "Terms and Conditions for the Italian Law Notes", as the case may be, provide also for certain additional arrangements in the event that a published Original Reference Rate (including any page on which such Original Reference Rate may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a Successor Reference Rate determined by the Issuer or an Alternative Reference Rate determined by an Independent Adviser or failing that, by the Issuer, and that such Successor Reference Rate or Alternative Reference Rate may be adjusted (if required) by the application of an Adjustment Spread. The application of a Successor Reference Rate or an Alternative Reference Rate or an Adjustment Spread may result in the relevant Notes performing differently (which may include payment of a lower interest rate) than they would do if the relevant Original Reference Rate were to continue to apply in its current form. If no Adjustment Spread is determined, a Successor Reference Rate or Alternative Reference Rate may nonetheless be used to determine the rate of interest. In certain circumstances, the ultimate fallback of interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last used for the relevant Notes or last observed on the Relevant Screen Page.

In the case of Notes linked to SOFR, if Reference Rate Replacement is specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, if the Issuer determines that a Benchmark Event and the relevant SOFR Index Cessation Date (as defined in the Conditions) have both occurred, when a Rate of Interest (or the relevant component part thereof) remains to be determined, then: (i) the Benchmark Replacement shall be the rate that was recommended as the replacement for the SOFR by the Federal Reserve Board and/or the Federal Reserve Bank of New York or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the SOFR (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads) ; or (ii) if no such rate has been recommended within one Business Day of the SOFR Index Cessation Date, the Benchmark Replacement shall be the ISDA Fallback Rate (which rate may include any adjustments or spreads that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark Replacement); or (iii) if the replacement rate cannot be determined in accordance with the previous paragraph, then the Benchmark Replacement shall be the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current rate for the applicable Corresponding Tenor that gives due consideration to any industry-accepted rate of interest as a replacement for the then-current Original Reference Rate for U.S. dollar denominated floating rate notes at such time (which rate may include any adjustments or spreads). No consent of the

Noteholders shall be required in connection with effecting any relevant changes pursuant to the terms and conditions, including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed or the Agency Agreement for the Italian Law Notes (as applicable).

In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the Independent Adviser or, as applicable, the Issuer determines that amendments to the "Terms and Conditions for the English Law Notes" or the "Terms and Conditions for the Italian Law Notes", as the case may be, the Trust Deed, the Agency Agreement for the English Law Notes and the Agency Agreement for the Italian Law Notes are necessary to ensure the proper operation of any Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 6.3(j) (*Reference Rate Replacement*) of the Terms and Conditions for the English Law Notes and by Condition 6.4 (*Reference Rate Replacement*) of the Terms and Conditions for the Italian Law Notes."

Responsibility Statement, Third Party Information and Experts' Reports

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

- The paragraph titled "*Experts' reports*" in the "*Responsibility Statement, Third Party Information and Experts' Reports*" section on page 72 of the Base Prospectus is deleted in its entirety and replaced as follows:

"**Experts' reports**

No statement or report attributed to a person as an expert is included in this Base Prospectus, except for the reports of the auditors of the Issuer who have audited the consolidated financial statements of the UniCredit Group and the financial statements of the Issuer for the financial year ended on 31 December 2020 and 31 December 2019 and who have carried out the limited review of the consolidated first half financial report of UniCredit ended on 30 June 2020.

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

Documents Incorporated by Reference

2020 UniCredit Annual Report and Accounts

UniCredit published (i) the UniCredit's Group audited consolidated financial statements as of and for the year ended 31 December 2020 (the **UniCredit 2020 Consolidated Financial Statements**) and (ii) the UniCredit S.p.A.'s audited non-consolidated financial statements as of and for the year ended 31 December 2020 (the **UniCredit S.p.A. 2020 Non-Consolidated Financial Statements**, and together with the UniCredit 2020 Consolidated Financial Statements, the **2020 UniCredit Annual Report and Accounts**).

The UniCredit 2020 Consolidated Financial Statements and the UniCredit S.p.A. 2020 Non-Consolidated Financial Statements have been audited by Deloitte & Touche S.p.A., UniCredit's external auditors.

A copy of the 2020 UniCredit Annual Report and Accounts, available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2020/4Q20/2020-Annual-Report-and-Accounts.pdf, has been filed with the Commission de Surveillance du Secteur Financier (**CSSF**). Copies of this Supplement and all the sections of the 2020 UniCredit Annual Report and Accounts 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 343 of the Base Prospectus. Copies of this Supplement and all the sections of the 2020 UniCredit Annual Report and Accounts identified in the table below incorporated by reference in the Base Prospectus will also be published on the website of UniCredit *www.unicreditgroup.eu*, as well as on the website of the Luxembourg Stock Exchange (*http://www.bourse.lu*).

By virtue of this Supplement, the sections of the 2020 UniCredit Annual Report and Accounts identified in the table below are incorporated by reference in, and form part of, the Base Prospectus. Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

Documents	**Information Incorporated**	**Page Reference**
2020 UniCredit Annual Report and Accounts	**Consolidated Report and Accounts of UniCredit Group:**	
	Consolidated Report on Operations	43-85
	Consolidated Balance Sheet	105
	Consolidated Income Statement	106
	Consolidated Statement of Comprehensive Income	107
	Statement of Changes in the Consolidated Shareholders' Equity	108-109
	Consolidated Cash Flow Statement	110-111
	Notes to the Consolidated Accounts	113-419
	Certification	421
	Report of External Auditors	423-434
	Annexes	437-499

Documents	Information Incorporated	Page Reference
	Non-Consolidated Report and Accounts of UniCredit S.p.A.:	
	Report on operations	509-531
	Balance Sheet	535
	Income Statement	536
	Statement of Comprehensive Income	537
	Statement of Changes in the Shareholders' Equity	538-539
	Cash Flow Statement	540-541
	Notes to the Accounts	543-701
	Certification	703
	Report of External Auditors	733-741
	Annexes	745-753

UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release

On 6 May 2021, UniCredit announced that the Board of Directors of UniCredit approved on 5 May 2021 the unaudited consolidated interim report as at 31 March 2021 (the **UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release**).

A copy of the UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release, available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2020/UniCredit_PR_1Q21_ENG.pdf, has been filed with the Commission de Surveillance du Secteur Financier (**CSSF**). Copies of this Supplement and all the sections of the UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release 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 343 of the Base Prospectus. Copies of this Supplement and all the sections of the UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release 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 (*http://www.bourse.lu*).

By virtue of this Supplement, the sections of the UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release identified in the table below are incorporated by reference in, and form part of, the Base Prospectus. Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

Document	**Information incorporated**	**Page numbers**
UniCredit Unaudited Consolidated Interim Report as at 31 March 2021 – Press Release	UniCredit Group: Reclassified Income Statement	21
	UniCredit Group: Reclassified Balance Sheet	22
	Other UniCredit Group Tables (Shareholders' Equity, Staff and Branches, Ratings, Sovereign Debt Securities – Breakdown by Country/Portfolio, Weighted Duration, Breakdown of Sovereign Debt Securities by Portfolio, Sovereign Loans – Breakdown by Country)	23-27
	Basis for Preparation	27-31
	Declaration by the manager charged with preparing the financial reports	32

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 beginning of the paragraph titled "*Recent Developments*", in the "*Description of UniCredit and the UniCredit Group*" section on page 270:

"**Recent Developments**

- On 14 May 2021, UniCredit has announced to have received from the Single Resolution Board and Bank of Italy the updated decision on MREL: this supersedes the previous one communicated in December 2019, which set the MREL equal to 10.67 per cent. of Total Liabilities and Own Funds (**TLOF**) and applicable from 30 June 2022.

  From 1 January 2022, UniCredit S.p.A. shall comply, on a consolidated basis, with an intermediate MREL equal to the maximum between 20.73 per cent. of RWA – plus the Combined Buffer Requirement (**CBR**) applicable at that point in time - and a 5.90 per cent. Of Leverage Ratio Exposures (**LRE**).

  From 1 January 2024, the consolidated MREL will become "fully loaded" and will be set equal to the maximum between 21.40 per cent. RWA – plus the applicable CBR – and 5.90 per cent. LRE.

Starting from 1 January 2022, UniCredit S.p.A. will also have to comply with a subordinated MREL, i.e. to be met with subordinated instruments, equal to the maximum between 11.79 per cent. RWA – plus the applicable CBR – and 5.68 per cent. LRE. Both these amounts already take into account the "senior allowance", i.e. the possibility to meet part of the subordinated requirement with senior (non-subordinated) instruments.

All these requirements shall be met with consolidated Own Funds plus Eligible Liabilities issued by UniCredit S.p.A. only.

- On 12 May 2021, UniCredit has announced a new organisational structure and a new management team to drive the business effectively and deliver its new strategic plan during H2 2021. This new structure creates a simplified organisation that will enable greater accountability across all businesses and areas. It ensures UniCredit clients remain at the heart of everything that UniCredit does, further integrates technology and digitalisation as a key driver of our future success and provides clarity on key roles and responsibilities.

  In summary, UniCredit has announced that it:

  - creates a new Group Executive Committee (**GEC**) of fifteen people to replace the former Executive Management Committee of twenty-seven, increasing ownership and accountability;
  - removes a layer of management, minimising co-Heads of businesses and functions and creates a more cohesive partnership;
  - empowers country CEOs to better manage their geographies in delivering best practice and synergies across all business lines. Italy, Germany, Central Europe and Eastern Europe will now form the key geographic reporting lines for the Group;
  - positions Italy as a standalone geography, reflecting the critical importance of this country to our Group, honouring the roots, essence and spirit that underscore the origins of UniCredit;
  - puts in place a transversal matrix, positioning Corporate and Investment Banking across all geographies to offer our clients a seamless suite of products and services that serve different local demands;
  - creates a new Digital division that will elevate technology, digitalisation and data to the new GEC, ensuring it will be embedded in every strategic deliverable underscoring the critical importance of this area to the future of the business;
  - launches a widespread simplification exercise across the organisation, starting with UniCredit S.p.A., reducing existing committees from 44 to a maximum of 15-20;
  - creates a new People & Culture division to expand the remit of the former Human Capital function, reflecting the importance of UniCredit people as carriers of UniCredit culture and ensuring that the Group can attract, hire and retain best-in-class talent for the long-term benefit of UniCredit and its clients;
  - creates a CEO office to include Strategy & Optimisation, and the newly created function of Stakeholder Engagement. Both functions will be part of the GEC.

- On 11 May 2021, UniCredit has announced, in execution of the authorisation granted by the Shareholders' Meeting of the Company held on 15 April 2021, that it has defined and approved the measures for the execution of the SBB programme for a maximum amount of Euro 178,688,534.90 and for a number of UniCredit ordinary shares not exceeding 30,000,000 (the **First Buy-Back Programme 2021**). As already disclosed to the market on 15 April 2021, the First Buy-Back Programme 2021 has been already authorised by the ECB on 12 April 2021.

  The First Buy-Back Programme 2021 is aimed at the FY20 ordinary shareholders remuneration, in accordance with the policy approved by the Board of Directors on 10 February 2021 and coherently with the ECB recommendation issued in December 2020 (the **ECB Recommendation**). In February 2021, the Board of Directors, applying the measures provided in the ECB Recommendation, resolved to allocate to shareholders' remuneration 15 per cent. of the consolidated net profits accumulated in FY19 and FY20, adjusted to include the prescriptions of the ECB Recommendation."

- The sub-paragraph "*History and development of the Issuer*" of the paragraph titled "*Information about the Issuer*" in the "*Description of UniCredit and the UniCredit Group*" section on page 269 of the Base Prospectus is amended as follows, so that the following paragraphs set out below shall replace the corresponding paragraphs currently included in the Base Prospectus and the paragraphs not set out below shall remain unchanged:

"**1.1 History and development of the Issuer**

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

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

Such expansion has been characterised, in particular:

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

- by the business combination with Capitalia S.p.A. (**Capitalia**), the holding company of the Capitalia banking group (the **Capitalia Group**), realised through a merger by way of incorporation of Capitalia into UniCredit effective as of 1 October 2007.

In 2008, the squeeze outs[15] of the ordinary BA and HVB shares held by minority shareholders were completed.

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

UniCredit S.p.A. ordinary shares are listed on the Milan Stock Exchange organised and managed by Borsa Italiana S.p.A., on the Frankfurt Stock Exchange, segment General Standard, and on the Warsaw Stock Exchange. In this regard, it should be noted that, further to the disposal of the controlling equity interest in Bank Pekao in 2017, UniCredit has initiated the procedure aimed at obtaining the delisting of the UniCredit shares from the trading on the Warsaw Stock Exchange (so called "delisting"). According to the local Law and after discussions with the relevant Authorities, the UniCredit Shareholders' Meeting held on 11 April 2019 authorized the Board of Directors to purchase and dispose of a maximum number of UniCredit ordinary shares to be carried out within 18 months from the date of the Shareholders' resolution. On 11 October 2020 such authorisation lapsed. UniCredit confirmed its intention to delist from Warsaw Stock Exchange; timing of the procedure will be defined also based on macro-economic and market conditions and a new authorisation to the Board of Directors to purchase and dispose of a maximum number of UniCredit ordinary shares to be carried out within 18 months from the date of the Shareholders' resolution, has been resolved by the 15 April 2021 Shareholders' Meeting.

[…]".

- 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*" in the "*Description of UniCredit and the UniCredit Group*" section on pages 271-278 of the Base Prospectus is amended as follows, so that the following paragraphs set out below shall replace the corresponding paragraphs currently included in the Base Prospectus and the paragraphs not set out below shall remain unchanged:

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

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

UniCredit, in carrying out its banking activities, is subject to the supervisory power of the ECB and to the Italian and European legislation and regulation, as well as to the provisions on anti-money

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

laundering, transparency and fairness in customer relations, usury, consumer protection, labour law, safety at the workplace and privacy laws.

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**).

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, **SRM Regulation**) 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, as of January 2016, the centralized decision-making power for resolution is entrusted to the Single Resolution Board (**SRB**), whose powers are attributed to the latter. In addition, the SRB cooperates closely with the national resolution authorities of Member States that are parties to the Banking Union. The national resolution authorities of Member States are empowered to implement the resolution programmes adopted by the SRB. In such a context, it is worth to mention the process to review - just started by the European Commission – the Crisis Management and Deposit Insurance (**CMDI**) framework. Following this revision, new and different legal and regulatory requirements may apply to the Group, in particular the activity of the European legislator is aimed at amending the BRRD, the SRMR and the Deposit Guarantee Schemes Directive (**DGSD**).

The BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities (the **Minimum Requirement for Own Funds and Eligible Liabilities**, **MREL**). The Issuer has to meet MREL requirements currently received by the Single Resolution Committee and the Bank of Italy on a consolidated basis, which must be achieved by 1 January 2022 (as transitional requirement) and complied with at all times from that date, as well as the standard on total loss absorbing capacity (**TLAC**). Directive (EU) 2019/879 (**BRRD II**), amending the BRRD, introduces significant changes to the standards regarding the calibration of the MREL requirement for banks that are systematically relevant and redefines the scope of MREL itself in order to align the eligibility criteria with those set out in the CRR so as to converge this ratio with the TLAC.

CRR and CRD

The Issuer shall comply with the revised global regulatory standards (**Basel III**) on bank capital adequacy and liquidity. The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) and the Regulation 2013/575/EU (the CRR, together with the CRD IV Directive, the **CRD IV Package**) subsequently updated in the Regulation No. 876/2019 and Directive (EU) No. 2019/878 (the **Banking Reform Package** with CRR II and CRD V). According to Article 92 of the CRR, institutions shall at all times satisfy the following Own Funds requirements: (i) a CET1 Capital ratio of 4.5 per cent.; (ii) a Tier 1 Capital ratio of 6 per cent.; and (iii) a Total Capital ratio of 8 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: *Capital conservation buffer, institution-specific countercyclical capital buffer, Capital buffers for globally systemically important institutions (**G-SIIs**) and Capital buffers for other systemically important institutions (**O-SIIs**), Systemic risk buffer.*

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**) 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 will be applicable from 28 June 2021, excluding some provisions with a different date of application (early or subsequent), b) the CRD V shall be implemented into national law by 28 December 2020, excluding some provisions which will be applicable subsequently. The BRRD II and the CRD V are subject to transposition in Italy by means of the European Delegation Law (Law No. 53/2021) of 22 April 2021.

Moreover, it is worth mentioning that the Basel Committee on Banking Supervision (BCBS) concluded the review process of the models (for credit risk, counterparty risk, operational risk and market risk) for the calculation of minimum capital requirements, including constraints on the use of internal models and introducing the so-called "output floor" (setting a minimum level of capital requirements calculated on the basis of internal models equal, when fully implemented, to 72.5 per cent. of those calculated on the basis of the standardised methods). The main purpose is to enhance consistency and comparability among banks. The new framework was finalised for market risk in 2016 and finally revised in January 2019. The new framework for credit risk and operational risk was completed in December 2017. Prior to becoming binding on the European banking system, the European Commission, which conducted a public consultation (closed on 5 January 2020), is assessing the potential impacts on the European economy.

In August, the Commission required the EBA to update its assessment in the light of COVID-19, which was published in December 2020. It is therefore expected that the future legislative proposal (CRR III), which should incorporate these new standards into EU legislation, will be published in the 3Q2021.

Once agreed on the final text between the various stakeholders involved in the legislative process (European Commission, European Parliament and Council of the EU) and once implemented in the Union, these regulatory changes will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements. The analysis carried out by the European Banking Authority (EBA), published in December 2019 upon request of the European Commission, shows that the adoption of the new Basel III criteria would require banks to increase minimum capital requirements (MCR) by 23.6 per cent., resulting in a capital deficit of Euro 124 billion.

The above-mentioned updated analysis by EBA published in December 2020, show an increase of MCR of 18.5 per cent. and a capital deficit of over Euro 52 billion (the December 2019 outcome for a comparable sample would have been respectively 24.1 per cent. and Euro 109.5 billion).

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 non-performing exposures (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 non-performing exposures (NPEs) after 1 April 2018 (the **ECB Addendum**). In addition, the ECB's supervisory expectations for individual banks for the provisioning of the stock of NPLs (before 31 March 2018), was set out in its 2018 supervisory review and evaluation process (SREP) letters and the ECB will discuss any divergences from these prudential provisioning expectations with institutions as part of future SREP exercises.

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

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

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

Proposal for a Directive on credit servicers, credit purchasers and the recovery of collateral (COM/2018/0135): the proposal is aimed to achieve (a) 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); (ii) the development of secondary markets for NPLs in the EU's markets standardising the regulatory regime for credit servicers and credit purchasers. The first part of the proposal is expected to be finalized in 2Q2021, the AECE part is put on hold.

Opinion on the regulatory treatment of non-performing exposure securitisations published by EBA on 23 October 2019: the Opinion recommends to adapt 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). After the approval by the European Parliament at the end of March, on 6 April 2021, Regulation (EU) 2021/557 which introduces amendments to the Securitisation Regulation and Regulation (EU) 2021/558 amending Regulation (EU) 2013/575 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis were published on the Official Gazette of the European Union. Both Regulations entered into force on 9 April 2021.

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

Measures to counter the impact of the "COVID-19" virus

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

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

On 11 March 2020, ESMA, considering the spread of COVID-19 and its impact on the EU economy, issued four recommendations in the following areas: (1) business continuity planning, (2) market disclosure, (3) financial reporting and (4) fund management.

1. Business Continuity Planning: ESMA has recommended all financial market participants to be ready to apply their contingency plans to ensure operational continuity in line with regulatory obligations.

2. Market disclosure: issuers should disclose as soon as possible any relevant significant information concerning the impacts of COVID-19 on their fundamentals, prospects or financial situation in accordance with their transparency obligations under the Regulation (EU) No. 596/2014 (MAR), as a disclosure obligation contained in Article 17, paragraph 1 of the MAR, pursuant to which issuers are required to disclose to the public without delay any inside information directly concerning them.

3. Financial reporting: ESMA has recommended issuers to provide transparency on the actual and potential impacts of COVID-19, to the extent possible based on both a qualitative and quantitative assessment on their business activities, financial situation and economic performance in their 2019 year-end financial report if these have not yet been finalised or otherwise in their interim financial reporting disclosures.

4. Fund Management: ESMA has encouraged fund managers to continue to apply the requirements on risk management and to react accordingly.

The ECB, at its monetary policy meeting held on 12 March 2020, decided to adopt a comprehensive set of monetary policy measures, consisting of three key elements: first, safeguarding liquidity conditions in the banking system through a series of favourably-priced longer-term refinancing operations

(LTROs); second, protecting the continued flow of credit to the real economy through a fundamental recalibration of targeted longer-term refinancing operations (TLTROs); and, third, preventing tightening of financing conditions for the economy in a pro-cyclical way via an increase in the asset purchase programme (APP).

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

The Governing Council also decided to add a temporary envelope of additional net asset purchases of Euro 120 billion until the end of the year, ensuring a strong contribution from the private sector purchase programmes. On 18 March 2020, this was followed by the announcement of the Euro 750 billion Pandemic Emergency Purchase Program (PEPP), increased with a further Euro 600 billion on 4 June 2020.

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

On 20 March 2020, the ECB announced additional measures (in addition to those already undertaken on 12 March 2020 on temporary capital and operational relief for banks) to ensure that its directly supervised banks can continue to fulfil their role to fund households and corporations amid the COVID-19 related economic shock to the global economy. In particular, the ECB recommends to:

- give banks further flexibility in prudential treatment of loans backed by public support measures;
- encourage banks to avoid excessive procyclical effects when applying the IFRS 9 international accounting standard;
- activate capital and operational relief measures announced on 12 March 2020.

On 25 March 2020, EBA published a statement to explain the functioning of the prudential framework in relation to the exposures in default, the identification of forborne exposures and impaired exposures in accordance with IFRS 9. In particular, EBA has clarified some additional aspects of the operation of the prudential framework concerning:

(i) the classification of exposures in default;

(ii) the identification of forborne exposures;

(iii) the accounting treatment of the aforesaid exposures.

Specifically, the Authority repeats the concept of flexibility in the application of the prudential framework, clarifying that an exposure should not be automatically reclassified as (i) exposure in default, (ii) forborne exposure, or (iii) impaired exposure under International Financial Reporting

Standard - IFRS9, in case of adoption of credit tolerance measures (such as debt moratorium) by national governments.

On 25 March 2020, ESMA provided clarifications on the accounting implications of the economic support and relief measures adopted by EU Member States in response to COVID-19. In particular, the statement provides guidance to issuers and auditors on the application of IFRS 9 (Financial Instruments) with regard to the calculation of expected losses and related disclosure requirements. This concerns, in particular, the suspension (or deferral) of payments established for credit agreements (e.g. moratorium on debt) that impact the calculation of Expected Credit Loss (ECL) under the principles set forth in IFRS 9.

On 27 March 2020, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (GHOS), has deferred Basel III implementation to increase operational capacity of banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the COVID- 19 on the global banking system.

The measures endorsed by the GHOS comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- the implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028.

- the implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023.

- the implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

On 27 March 2020, the ECB published a recommendation addressed to significant banks to refrain from paying dividends and from share buy-backs aimed at remunerating shareholders for the duration of the economic shock related to COVID-19. This recommendation was extended to January 2021 on 27 July 2020.

On 15 December 2020, the ECB recommended that banks exercise extreme prudence on dividends and share buy-backs. To this end, the ECB asked all banks to consider not distributing any cash dividends or conducting share buy-backs, or to limit such distributions, until 30 September 2021. Given the persisting uncertainty over the economic impact of the COVID-19 pandemic, the ECB expects dividends and share buy-backs to remain below 15 per cent. of the cumulated profit for 2019-2020 and not higher than 20 basis points of the CET1 ratio. Banks that intend to pay dividends or buy back shares need to be profitable and have robust capital trajectories. They are expected to contact their Joint Supervisory Team to discuss whether the level of intended distribution is prudent. The recommendation is related to the current exceptional circumstances and will remain valid until the end of September 2021; at that time, in the absence of materially adverse developments, the ECB intends to repeal the recommendation and return to assessing banks' capital and distribution plans based on the outcome of the normal supervisory cycle.

On 2 April 2020, EBA issued Guidelines on the treatment of legislative and non-legislative moratoria applied before 30 June 2020: clarified which legislative and non-legislative payment moratoria could trigger forbearance classification; in particular, the guidelines supplemented the EBA Guidelines on the application of the definition of default as regards the treatment of distressed restructuring (they clarified that the payment moratoria, if based on the application of national laws, or on initiatives agreed at industry / private sector level, where widely applied by the relevant credit institutions, do not trigger forbearance classification and it is not necessary to verify the existence of the requirements for tracing between the distressed restructuring). On 18 June 2020, EBA has extended the deadline for the application of its Guidelines on payment moratoria to 30 September 2020, after which they expired. Adjusted Guidelines have been reactivated in December 2020, though restricting the scope of application to a maximum of 9 months from the granting of the moratoriums, a limit which however does not apply to those agreed before 31 September 2020 which continue to benefit from the flexibility granted by the guidelines until their expiry, even if it exceeds 9 months.

On 29 January 2021, the EBA published the "Report on the implementation of selected COVID-19 policies", which contains a series of clarifications in the form of questions and answers (Q&A) on the interpretation of the EBA Guidelines, in particular with regard to the overall duration of the deferred payment to fall within the scope of the EBA Guidelines on moratoriums. However, the clarifications did not concern the hypothesis in which the moratorium pursuant to law, even if granted before 31 September, was extended for more than 9 months due to a subsequent law.

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

On 28 April 2020, the EU Commission published a proposal to amend the CRR Regulation ("quick-fix") in order to reduce certain regulatory requirements and facilitate the provision of bank credit to households and enterprises across the EU with the aim of ensuring that banks can continue to lend money to support the economy and help mitigate the significant economic impact of the COVID-19.

The measures, both temporary and exceptional, have been promoted to mitigate the immediate impact of COVID-19-related developments, and they imply:

- the reintroduction of prudential filters to manage the current situations of strong turbulence in the markets and to neutralize the effects of losses and gains on the value of debt securities held in the portfolio available for sale as if the securities were valued at cost instead of at fair value;

- a temporary approach to market risk in order to allow supervisors to implement appropriate measures to avoid automatic increases in the quantitative addendum (in particular over the period January 2020 and December 2021);

- more favourable treatment of government guarantees granted during the crisis, aligning the calendar provisioning applied to positions with government guarantees with the calendar provisioning applied to credits guaranteed by Export Credit Agencies;

- early application of certain measures provided for in CRR2: i) extension of the SME Supporting Factor; ii) introduction of the Infrastructure Supporting Factor; iii) improved weighting calibration for loans guaranteed by salary/pension share disposals; iv) improved prudential treatment of software;

- an adaptation of the timeline of the application of international accounting standards to banks' capital (IFRS9 phase-in arrangements);

- the postponement of the date of application of the additional reserve requirement for the leverage ratio of systemic banks (G-SIB buffer);

- a change in the way of excluding certain exposures from the calculation of the leverage ratio;

- the introduction of a transitional regime for EU Sovereign exposures in the currency of another EU Member State.

Following the positive vote of the plenary session of the European Parliament (19 June 2020), the "CRR Quick-Fix" has been published in the European Official Journal on 26 June and has entered into force the following day (27 June 2020).

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

Such decree has been signed in the Law No. 77/2020. It introduced some provisions (valid until 31 December 2020) which are aimed at strengthening SME's capital, thus preventing their insolvency risk. Particular reference is made to two public tools: "Patrimonio PMI" fund, which is aimed at subscribing new bonds issued by SME corporates with Euro 10 million turnover, which have been impacted by COVID-19 a turnover reduction of 33 per cent. in April and May 2020 (two tax credits are granted to other investors <20 per cent. of the investment> in such corporates, and to the corporates above indicated which have suffered losses <50 per cent. of the losses which exceed the 10 per cent. of the Net worth, but in the limit of the 30 per cent. of the capital increase>); and the so called "Patrimonio rilancio" (Dedicated assets within CDP) which is aimed at subscribing new bonds (mainly convertible bonds) and shares in order to support real economy.

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

In October and November 2020, the Council of Ministers approved the "Relieves" Law Decree (Law Decree 28 October 2020, No. 137) and the "Relieves 2" Law Decree (Law Decree 9 November 2020, No. 149) which provides further urgent measure regarding health protection, support to workers and production sectors, justice and safety linked to COVID-19 epidemic. Main measures introduced by the Law are a non refundable aid for enterprises whose sectors have been restricted and the prorogation of "rental" Tax credit to October-December period and extension to enterprises with turnover exceeding

Euro 5 million and which have had a 50 per cent. reduction of turnover. In March 2021, the Council of Ministers approved the "Support" Law Decree (Law Decree 22 March 2021, No. 41) which provides further urgent measure regarding health protection, support to workers and production sectors linked to COVID-19 pandemic. Such decree introduces a new non refundable aid for enterprises and professionals which have had a 30 per cent. reduction of turnover.

Finally, among the measures adopted in response to the COVID-19 emergency, we recall the Capital Markets Recovery Package proposal (so-called "quick-fix") published by the European Commission in July, which proposes targeted amendments to the MiFID, the Prospectus Regulation as well as the Securitization Regulation. The package aimed to provide European economies with some relief to face the crisis emerging from the COVID-19 pandemic.

As to MiFID2, the proposal includes targeted amendments on: i) investor protection, ii) commodity derivatives and iii) research regime for SMEs.

As to Prospectus Regulation, the amendments introduced in particular a new type of short-form prospectus to facilitate the raising of capital in public markets.

As to Securitization Regulation, in addition to a review of the regulatory constraints to the securitisation of NPEs, the amendments in particular also extends the preferential treatment to all synthetic on-balance sheet securitisation that fulfil the simple, standardised and transparent (STS) criteria in order to help banks free up capital and promote the financing of the real economy, in particular to SMEs.

Amendments to the Prospectus Regulations – approved by the European Parliament on 26 February – entered into force on 18 March 2021.

The MiFID amendments, voted on 26 February as well, as being part of a Directive, are to be transposed into national laws by 28 November 2021.

Finally, following the vote by the European Parliament at the end of March 2021, on 6 April 2021, Regulation (EU) 2021/557, which introduces amendments to the Securitisation Regulation, and Regulation (EU) 2021/558, amending Regulation (EU) 2013/575 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis, were published on the Official Gazette of the European Union. Both Regulations entered into force on 9 April 2021.

GREEN FINANCE

Finally, it is worth mentioning the developments in the Green Finance Regulation. 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.

Moreover, in relation to the European Commission public consultation on Renewed Strategy on Sustainable Finance (mentioned below) and the potential early introduction in respect of the EBA working plan of a green supporting factor and a brown penalising factor which are, respectively, a discount and an add-on the weighting of capital risk for investments in "green" companies or in company which produce significant greenhouse gas emission, UniCredit (as EBF) asks that the introduction of such factors is preceded by in-depth researches which certify the actual lower / higher risk of these activities, the link between climatic and financial risks and the development of risk scenarios.

It is also requested that such researches shall be carried out over a period of 3-4 years, so that the negative effect of COVID-19 could be neutralized. The EBA Action plan on the implementation of the

ESG risks in the prudential framework aims to amend the European legislation not before 2025. UniCredit considers that the process should not be accelerated.

In May 2018, the European Commission published a package of legislative measures in order to promote a sustainable finance in line with the objectives of its action plan of March 2018. In such context, the Commission has started preparatory works in order to amend MiFID II. In such regard, ESMA submitted technical advice on sustainable finance to the European Commission.

The Non-Financial Reporting Directive (Directive (EU) 2014/95 – **NFRD**), came into effect on 1 January 2017. It requires large corporates, banks, and insurance companies with more than 500 employees to publicly report on ESG matters including employment, board diversity, human rights, anti-corruption and bribery. On 20 February 2020, the European Commission launched a public consultation with a view to align the non-financial reporting requirements with the EU legislation in the area of ESG disclosure (e.g. Sustainable Finance Disclosure Regulation and the Taxonomy Regulation). On 21 April 2021, the Commission published a proposal for the review of the NFRD. The new Corporate Sustainability Reporting Directive proposes to extend the scope to listed companies (excluding listed micro-undertakings) and large companies; introduces the requirement to report according to common EU sustainability reporting standards envisaging specific standards for listed SMEs and a transition period of three years since the application of the Directive; requires mandatory assurance of the reported information that should be published as part of the company's management report and in machine readable format.

On 9 December 2019, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR - Sustainable Finance Disclosure Regulation) has been published, which lays down harmonised rules for financial market participants and financial advisers on transparency.

On 9 March 2020, the European Commission Technical Expert Group on Sustainable Finance (TEG) published its final report on the taxonomy, following the public consultation launched after the publication of the June 2019 report. The EU Taxonomy, which is part of the Action 1 of the Action Plan on financing sustainable growth published on 8 March 2018 by the Commission, aims to establish a unique classification system for the economic activities which can be classified as sustainable. The European Commission adopted the first Delegated Act on climate change mitigation and adaptation in April 2021. The Delegated Act will enter into application by 1 January 2022. For the other four environmental 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 – the second set of technical screening criteria will be adopted later in 2021 and enter into force on 1 January 2023.

Together with EU Taxonomy final report, TEG has released a guide for how to use the EU's Green Bond Standard (EU GBS). The document incorporates several updates related to the political agreement on Taxonomy reached in December 2019 by the Commission, Council and European Parliament, and the Green Deal launched by the Commission. The EU GBS regulation is included in Commission's initiatives set out in Action 2 of the Action Plan, which envisages to create standards and labels for green financial products. In July 2021, the European Commission is expected to publish the legislative proposal for EU GBS.

On 12 March 2020, CONSOB has drawn attention to the current investor protection safeguards applicable to intermediaries that provide investment services, when they address clients with an offer characterized as sustainable.

On 8 April 2020, European Commission launched a public consultation to collect opinions in relation to the Commissions renewed strategy on sustainable finance, until now based on the Action Plan on financing sustainable growth published on 8 March 2018. The aim of the Commission is to reach a proposal for the implementation of a new strategy on sustainable finance in June 2021. Additionally, the Article 20 of the Taxonomy Regulation creates a "Platform on sustainable Finance", an advisory body composed of experts from the private and public sector that will provide advice to the European Commission on the technical screening criteria for the EU Taxonomy and will monitor and report on capital flows towards sustainable investments.

On 23 April 2020, the three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) have published a Consultation Paper seeking input on proposed environmental, social and governance (ESG) disclosure standards set out under the SFDR, aiming to: (i) strengthen protection for end-investors; (ii) improve the disclosures to investors from a broad range of financial market participants and financial advisers; and (iii) improve the disclosures to investors regarding financial products.

The consultation document provided concrete proposals for the content, methodologies and presentation of sustainability disclosures regarding: i) principal adverse impact disclosure (negative, material or likely to be material effects on sustainability factors that are linked to investment decisions and advice performed by the legal entity), ii) pre-contractual product disclosures, iii) website product disclosures and iv) product periodic disclosures. The three ESAs published the final draft of the Implementation Technical Standards on February 2021 and the European Commission is expected to adopt them in 3 months. As the SFDR applies from 10 March 2021, the ESAs issued a joint declaration on 25 February 2021 offering guidance to financial market participants (e.g. banks, investing firms, insurance companies) for application of the draft ITS in the interim period until the formal adoption by the European Commission.

On 20 January 2021, the European Commission opened a targeted consultation on the establishment of a European single access point (**ESAP**) for financial and non-financial information publicly disclosed by companies. The establishment of ESAP is the first point of the new action plan on the Capital Markets Union 2020 aiming to create a register of ESG data at EU level to provide easily accessible, comparable and machine readable information through standardization of formats to remove the difficulties encountered by the various stakeholders in accessing, comparing and using companies' financial and sustainability-related information.

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. 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. The Delegated Acts needs to be approved by the European Parliament and Council (a scrutiny period of 3 months that can be extended by another 3 months) followed by the transposition in the legislation of each Member State.

DIGITAL FINANCE

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

Removing fragmentation in the Digital Single Market: In 2021, the Commission will propose to harmonise rules on customer onboarding and will build on the upcoming review of the e-IDAS (electronic IDentification Authentication and Signature) Regulation to implement an interoperable cross-border framework for digital identities.

Adapting the EU regulatory framework to facilitate digital innovation, the Commission proposed in September 2020 for the first time new legislation on crypto-assets, the so called "Markets in Crypto Assets" (MiCA) regulation to ensure clarity and legal certainty for issuers and providers of crypto assets that are not currently covered by current EU legislation. Safeguards include capital requirements.

Issuers of significant crypto-assets (the so-called global "stablecoins") will be subject to stricter requirements (e.g. in terms of capital, investor rights and supervision). The Commission also proposed a pilot regime, which allows temporary derogations from existing rules, for market infrastructures that wish to try to trade and settle transactions in financial instruments in crypto-asset form.

Promoting data-driven innovation in finance: In coordination with the PSD2's review and building on initiatives in the data strategy (Data Governance, Data Act and the Digital Markets Act as well the Digital Services Act), the EC will present a legislative proposal for a broader open finance framework by mid-2024.

Addressing the challenges and risks associated with digital transformation, the Commission proposed a 'Digital Operational Resilience Act' (DORA) to prevent and mitigate cyber threats and enhance oversight of outsourced services. The proposed legislation will require all firms to ensure that they can withstand all types of ICT related disruptions and threats and also introduces an oversight framework for ICT providers, such as cloud computing service providers.

[…]".

- The sub-paragraph "*Credit ratings*", in the "*Description of UniCredit and the UniCredit Group*" section on page 278 of the Base Prospectus, is 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	F3(1)	BBB-(2)	stable(3)	5 November 2020
S&P	A-2(4)	BBB(5)	negative(6)	29 October 2020
Moody's	P-2(7)	Baa1(8)	stable(9)	12 May 2021

Fitch Ratings

(1) 'F3': indicates a good capacity for timely payment of financial commitments. 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. Negative means that a rating may be lowered (**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.

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

- The sub-paragraph "*Information on the material changes in the Issuer's borrowing and funding structure since the last financial year*" in the "*Description of UniCredit and the UniCredit Group*" section, on page 279 of the Base Prospectus, is amended as follows:

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

There are no material changes in the Issuer's borrowing and funding structure since the last financial year ended on 31 December 2020."

- The sub-paragraph "*Description of the expected financing of the Issuer's activities*" in the "*Description of UniCredit and the UniCredit Group*" section, on pages 279-280 of the Base Prospectus, is amended as follows:

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

As at 31 December 2020, the loans to deposits ratio (LDR), a ratio between the customer loans and deposits, including the repo activity, is equal to 90.4 per cent. Such ratio improves compared to 31 December 2019, equal to 102.6 per cent, due to the slowdown of loans growth combined with the increase of deposits, also considering the current macroeconomic scenario.

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

As at 31 December 2020, the liquidity buffer is equal to Euro 167,475 million (Euro 139,389 million at 31 December 2019).

As at 31 December 2020, the TLTRO participations of the Group is equal to Euro 94.332 billion (compared to Euro 50.710 billion at the end of 2019)."

- In the sub-paragraph "*Principal activities*" of the paragraph titled "*Business overview*" in the "*Description of UniCredit and the UniCredit Group*" section on page 280, the section headed "*A description of the Issuer's principal activities, including the main categories of products sold and/or services performed, an indication of any significant new products or activities, and the principal markets in which the Issuer competes*" is deleted in its entirety and replaced as follows:

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

UniCredit is a simple panEuropean commercial bank with a fully plugged in Corporate & Investment Bank, delivering a unique Western, Central and Eastern European network to its extensive client franchise.

UniCredit offers local and international expertise providing unparalleled access to market leading products and services in our core markets. UniCredit provides local and international expertise and, thanks to its European network, offers unique access to products and services in its main markets.

As at the date of this Base Prospectus, no significant new product or activity has been introduced.

A brief descriptions of the business segments through which the UniCredit Group operates are provided below.

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit S.p.A. commercial network limited to Core clients (excluding Corporate clients, supported by Corporate and Investment Banking Division and clients supported by Foreign Branches), Leasing (excluding Non-Core clients), Factoring and UniCredit S.p.A. structures included in local Corporate Centre that support the Italian business network.In relation to individual clients (Mass market, Affluent, Private and Wealth), Commercial Banking Italy' s goal is to offer a full range of products, services and consultancy to fulfill transactional, investments and credit needs, relying on branches and multichannel services provided thanks to new technologies.

The territorial organisation promotes a bank closer to customers and faster decision-making processes, while the belonging to UniCredit Group allows to support companies in developing an international attitude.

Commercial Banking Germany

Commercial Banking Germany provides all German customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of:

- "Privatkundenbank" (Individual Clients segment) that serves retail and private banking customers with banking and insurance solutions across all areas of demand and all-round advisory services reflecting the individual and differentiated needs in terms of relationship model and product offering;

- "Unternehmerbank" (Corporate segment) that employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany;

- Local Corporate Center.

Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, small business and corporate customers, real estate customers and wealth management customers.

Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).

Commercial Banking Austria

Commercial Banking Austria provides its Austrian customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of:

- "Privatkundenbank" (Private Customer Bank) that covers private individuals, ranging from mass-market to affluent customers, high net-worth individuals and business customers; it includes Schoellerbank, a well-established subsidiary servicing wealthy customers;

- "Unternehmenbank" (Corporate Customer Bank, excluding CIB clients) servicing the entire range of SMEs, medium-sized and large companies, which do not access capital markets (including real estate and public sector); it includes the product factory Leasing;

- Local Corporate Center.

A broad coverage of individual clients and companies is ensured through its nation-wide branch network. Commercial Banking Austria holds significant market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.

Commercial Banking Austria applies an integrated service model, allowing clients to decide when, where and how they contact UniCredit Bank Austria. This approach combines classic branches which are continuously modernised, new formats of advisory service centres and modern selfservice branches, internet solutions, mobile banking with innovative apps and contact to relationship managers via video-telephony.

Corporate & Investment Banking (CIB)

The CIB Division targets mainly Large Corporate and Multinational clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit Group. CIB serves UniCredit Group's clients across 31 countries with a wide range of specialized products and services, combining geographical proximity with a high expertise in all segments in which it is active.

Moreover, CIB acts as products and solutions provider for the commercial network, provides structured financing, hedging and treasury solutions for corporate and investment products for private and retail, according to the "CIB fully plugged-in concept". In the light of a more integrated client offering, Joint Venture between Commercial Banking and CIB division have been set up in Italy and Germany, with the objective to increase cross selling of investment banking products (M&A, Capital Markets and derivatives) to commercial banking clients.

The organisational structure of CIB is based on a matrix that integrates market coverage (carried out through an extensive commercial network in Western Europe and an international network of branches and representative offices) and product offering (divided into three Product Lines that consolidate the breadth of the Group's CIB know-how).

The dedicated commercial networks (CIB Network Italy, CIB Network Germany, CIB Network Austria, CIB Network France, International Network, Financial Institutions Group) are responsible for the relationships with corporate clients, banks and financial institutions as well as the sale of a broad range of financial products and services, ranging from traditional lending and merchant banking operations to more sophisticated services with high added value, such as project finance, acquisition finance and other investment banking services and operations in international financial markets.

The three following Product Lines supplement and add value to the activities of the commercial networks:

- **Financing and Advisory (F&A)** F&A is the expertise centre for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a wide variety of products and services ranging from plain vanilla and standardized products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leverage Buy-Out, Project and Commodity Finance, Real Estate Finance, Structured Trade and Export Finance.

- **Markets** - Markets is the centre specialised for all financial markets activities and serves as the Group's access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralised product line, Markets is responsible for the coordination of financial markets related activities, including the structuring of products such as foreign FX, Rates, Equities and credit related activities.

- **Global Transaction Banking (GTB)** - GTB is the centre for Cash Management, e-banking, Supply Chain Finance, Trade Finance products, Factoring and global securities services.

Moreover the controlled company UCI International Luxembourg operates in Global Family Office activities.

Central and Eastern Europe (CEE)

The Group, through the CEE business segment, offers a wide range of products and services to retail, corporate and institutional clients in 10 Central and Eastern Europe countries: Bosnia- Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia and Slovenia. UniCredit Group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German and Austrian customers.

With respect to corporate clients, UniCredit Group is constantly engaged in standardising the customer segments and range of products. The Group shares its business models on an international level in order to ensure access to its network in any country where the Group is present. This approach is vital due to the variety of global products offered, particularly cash management and trade finance solutions to corporate customers operating in more than one CEE country.

Group Corporate Centre

The Group Corporate Centre's objective is to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence. In this framework, an important objective is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines. In the Group Corporate Centre are included also the Group's Legal Entities that are going to be dismissed.

Non Core

Starting from the first quarter of 2014 the Group decided to introduce a clear distinction between the abovementioned activities defined as core segment, meaning strategic business segments and in line with risk strategies, and activities defined as non-core segment, including non-strategic assets and those with a poor fit to the Group's risk-adjusted return framework, with the aim of reducing the overall exposure of this last segment in the course of time and to improve the risk profile.

Specifically, the non-core segment includes selected assets of Commercial Banking Italy (identified on a single deal/client basis) to be managed with a risk mitigation approach and some special vehicles for securitisation operations."

- The sub-paragraph "*Names, business addresses and functions of the members of the Board of Directors and Board of Statutory Auditors and an indication of the principal activities performed by them outside of the Issuer where these are significant with respect to the Issuer*" of the paragraph titled "*Administrative, management and supervisory bodies*" in the "*Description of UniCredit and the UniCredit Group*" section on page 286 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

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

The Board of Directors currently in office was appointed by the UniCredit's Ordinary Shareholders' Meeting on 15 April 2021 for a term of three financial years and is composed of 13 members. The term in office of the current members of the Board will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2023.

The following table sets forth the current members of UniCredit's Board of Directors as at the date of this Base Prospectus.

Name	**Position**
Pietro Carlo Padoan[1-3]	Chairman
Lamberto Andreotti[1-2-3]	Deputy Vice Chairman
Andrea Orcel	Chief Executive Officer*
Vincenzo Cariello[1-2-3]	Director
Elena Carletti[1-2-3]	Director
Jayne-Anne Gadhia[1-2-3]	Director
Jeffrey Alan Hedberg[1-2-3]	Director

Beatriz Lara Bartolomé[1-2-3]	Director
Luca Molinari[1-2-3]	Director
Maria Pierdicchi[1-2-3]	Director
Francesca Tondi[1-2-3]	Director
Renate Wagner[1-2]	Director
Alexander Wolfgring[1-2-3]	Director

Notes:

(1) Director that meets the independence requirements pursuant to Section 148 of the Financial Services Act.

(2) Director that meets the independence requirements pursuant to section 13 of the Treasury Decree no. 169 dated November 23, 2020

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

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

The information on the Board of Directors and its update is available on the UniCredit website, without prejudice to the obligations arising from Article 23 of the Prospectus Regulation in relation to the drafting of a supplement. The business address for each of the foregoing Directors is in Milan, 1-20154, Piazza Gae Aulenti 3, Tower A.

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

Pietro Carlo Padoan

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

Lamberto Andreotti

- Member of the Board of Directors of Corteva Agriscience
- Senior Advisor of EW Healthcare
- Member of the Board of Directors of American Italian Cancer Foundation
- Member of the Board of Directors of Salzburg Festival Society

Andrea Orcel

- Non-executive Director of EIS

Vincenzo Cariello

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

Elena Carletti

- Full Professor of Finance, Bocconi University, Department of Finance
- Vice Chairperson of the European Finance Association (EFA)
- Research Professor, Bundesbank
- Scientific Director, European University Institute, Florence School of Banking and Finance (FBF)
- Member of the Advisory Scientific Committee, European Systemic Risk Board (ESRB) - European System of Financial Supervision
- Member of Expert Panel on banking supervision, European Parliament
- Member of the Scientific Committee "Paolo Baffi Lecture", Bank of Italy
- Member of the Scientific Committee, Bruegel

Jayne-Anne Gadhia

- Founder and Executive Chair of Snoop
- Chair of HMRC (Non-Commercial role)
- Non-Executive Chair (Advisory) of Goldacre
- Senior Independent Director /Chair of Audit Committee and Finance and Operations Committee (Non-Commercial role) of Tate Board of Trustees
- Member of Lloyds Culture Advisory Group
- Mayor of London - Member of Business Advisory Board
- Member of Financial Inclusion Policy Forum
- Member of Commission for Smart Government

Jeffrey Alan Hedberg

- CEO of Wind Tre S.p.A.
- Vice Chairman of ASSTEL
- Advisory Board Member - SDA Bocconi

Beatriz Lara Bartolomé

- Sole Administrator of AHAOW
- Innovation & Digital Transformation Board PROSEGUR
- Seed Investor & Strategic Advisor ZELEROS Hyperloop
- Financial Investor & Senior Advisor OPINNO
- Mentor at Startup Lab, International MBA, IE Business School

Luca Molinari

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

Maria Pierdicchi

- Non-Executive Board Member and Chair of Human Resources Committee of Gruppo Autogrill
- Chairwoman and Board Member of NED COMMUNITY
- Board Member of PBI S.p.A.

Francesca Tondi

- Member of the Advisory Board of Angel Academe
- Member of the Board of Directors of Angel Academe Nominee
- Member of the Selection Committee, Mentor of Fintech Circle
- Member of "Women supporting Women" of "Princess Trust" Foundation

Renate Wagner

- Member of the Board of Management Allianz SE
- Member of the Board of Management Allianz Deutschland AG

Alexander Wolfgring

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

- Member of the Board of Directors of API Besitz, GmbH
- Member of the Board of Directors of Mischek Privatstiftung

Board of Statutory Auditors

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

The Board of Statutory Auditors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 11 April 2019 for a term of three financial years and its members may be re-elected.

The term in office of the current members of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2021.

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

Name	**Position**
Marco Rigotti	Chairman
Angelo Rocco Bonissoni	Statutory Auditor
Benedetta Navarra	Statutory Auditor
Guido Paolucci	Statutory Auditor
Antonella Bientinesi	Statutory Auditor

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

All of the members of the Board of Statutory Auditors in office are enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance. The business address for each of the members of the Board of Statutory Auditors is in Milan, 1-20154, Piazza Gae Aulenti 3, Tower A.

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

Marco Rigotti

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

Angelo Rocco Bonissoni

- Attorney of Nuova CPS Servizi S.r.l.
- Statutory Auditor of Telecom Italia S.p.A.

- Statutory Auditor of Atlantia S.p.A.

Benedetta Navarra

- Member of the Supervisory Board and of the Audit Committee of UniCredit Bank Czech Republic and Slovakia, a.s.
- Member of Audit Committee of UniCredit BulBank A.D.
- Member of the Board of Directors of A.S. Roma S.p.A.
- Chairman of the Supervisory Body pursuant to Legislative Decree 231/2001 of Equitalia Giustizia S.p.A.
- Statutory Auditor of Italo S.p.A.
- Chairman of the Board of Statutory Auditors of Guala Closures S.p.A.
- Chairman of the Board of Statutory Auditors of Isola dei Tesori S.r.l.
- Chairman of the Board of Statutory Auditors of D.M.O. Pet Care S.r.l.
- Member of the Supervisory Body pursuant to Legislative Decree 231/2001 of Confcommercio imprese per l'Italia Provincia di Roma Capitale
- Member of the Supervisory Body pursuant to Legislative Decree 231/2001 of Promo.Ter Roma

Guido Paolucci

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

Antonella Bientinesi

- Chairman of the Board of Statutory Auditors of Cerved Group S.p.A.
- Chairman of the Board of Statutory Auditors of Anas S.p.A.
- Statutory Auditor of ACER SEDE S.p.A.

- Statutory Auditor of Enel Energia S.p.A.
- Statutory Auditor of Enel Green Power Solar Metehara S.p.A.
- Statutory Auditor of Enel Green Power Solar Ngonye S.p.A.
- Statutory Auditor of Fondo Ambiente Italiano – FAI"

- The sub-paragraph "*Conflicts of Interest"* of the paragraph titled "*Administrative, management and supervisory bodies*" in the "*Description of UniCredit and the UniCredit Group*" section, on page 293 of the Base Prospectus, is deleted in its entirety and replaced as follows:

"**4.2 Conflicts of interest**

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

- Article 53, paragraph 4, of the Italian Banking Act, without prejudice to the obligations envisaged by paragraph 1 of Article 2391 of the Italian Civil Code, hereinafter quoted, sets forth the duty to abstain from voting for the Directors having a conflicting interest, on their own behalf or on behalf of a third party;

- Article 136 of the Italian Banking Act, which requires a special authorisation procedure (a unanimous decision by the supervisory body with the exclusion of the concerned officers' vote and the favourable vote of all members of the controlling body) should a bank enter into obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with its corporate officers;

- Article 2391 of the Italian Civil Code, which obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest, on their own behalf or on behalf of a third party, that they may have, in a specific company transaction, with the concerned member of the Board of Directors having to abstain from carrying out the transaction if he/she is also the CEO; and

- Article 2391-bis of the Italian Civil Code, CONSOB Regulation No. 17221 dated 12 March 2010 (and subsequent updates), concerning transactions with related parties and the relevant Communication No. 10078683 dated 24 September 2010, as well as the provisions issued by the Bank of Italy concerning risk activities and conflicts of interest of banks and banking groups with associated persons (Supervisory Regulations for the banks issued by the Bank of Italy).

In accordance with the said latest provisions, UniCredit has adopted specific policies and procedures in order to ensure, between the others, the transparency and the material and procedural correctness of the transactions with related parties or with associated persons, directly or through controlled companies.

For information on related-party transactions, please see Part H of the Notes to the consolidated financial statements of UniCredit as at 31 December 2020, incorporated by reference herein.

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

- The sub-paragraph "*Information related to the shareholder structure of the Issuer*" of the paragraph titled "*Major Shareholders*" in the "*Description of UniCredit and the UniCredit Group*" section on page 294 of the Base Prospectus is deleted in its entirety and replaced as follows:

"**5.1 Information related to the shareholder structure of the Issuer**

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

As at 26 April 2021, according to available information, the main shareholders holding, directly or indirectly, a relevant participation in UniCredit were:

Major Shareholders	**Ordinary Shares**	**Per cent. owned**(1)
BlackRock Group	114,907,383	5.122(2)
Capital Research and Management Company	112,363,870	5.008(3)
- of which on behalf of EuroPacific Growth Fund	78,373,584	3.493
Allianz SE Group	69,623,563	3.103
Norges Bank	67,366,057	3.003

(1) figures updated based on the last communication received on 26 April 2021 according to current legislation
(2) non-discretional asset management
(3) discretional asset management

On 14 April 2021, the temporary rules on enhanced transparency for changes in major holdings and statements about investment objectives ended. As such, as of that date, the ordinary rules come back into force, as per Article 120, paragraph 2, of the Consolidated Law on Finance (TUF). So, it is necessary to notify the investee company and CONSOB when the stake held exceeds 3 per cent. of the capital granting voting rights in a listed company.

The table does not include any other shareholders who have exceeded the relevant threshold, but have not yet notified this or are not required to notify it under current laws.

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

- The sub-paragraph "*Legal and arbitration proceedings*" of the paragraph titled "*Legal and arbitration proceedings*" in the "*Description of UniCredit and the UniCredit Group*" section on pages 294-303 of the Base Prospectus is deleted in its entirety and replaced as follows:

"**6.1 Legal and arbitration proceedings**

The risks connected with pending legal proceedings have been duly examined by the Parent Company and each of the involved Subsidiaries (the **Companies**). Assuming the possibility of outlays in reference of some of the aforementioned proceedings, whether carrying out the related estimates for potential disbursement is feasible, as at 31 December 2020, the Companies decided to set aside appropriate provisions for risks and charges for Euro 655.9 million, of which Euro 370.7 million for the Parent Company UniCredit S.p.A.

As at 31 December 2020, the Companies were named as defendants in about 37,900 legal proceedings, of which approximately 9,200 involving the Parent Company UniCredit S.p.A. (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group Companies). As at 31 December 2020, the total amount of claimed damages relating to the relevant judicial proceedings (excluding labor law cases, tax cases and debt collection proceedings) is equal to Euro 10 billion, of which approximately Euro 6.6 billion for the proceedings involving the Parent Company UniCredit S.p.A.

In a greater detail, it mainly deals with:

Madoff

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

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

As at 31 December 2020, there were several pending civil proceedings against UniCredit Bank Austria AG (**UCB Austria**) for the total claimed damages amount of Euro 5.15 million. While a large majority of the judgments have been favourable to UCB Austria, the impact of the remaining cases cannot be predicted with certainty, as the related future rulings may be adverse to UCB Austria. UCB Austria has made adequate provisions related to the Madoff's matter.

Furthermore, UCB Austria had been named as a defendant in criminal proceedings in Austria concerning the Madoff case, on allegations that it breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo fund while other allegations relate to the level of fees and embezzlement. In November 2019, the criminal investigation against UCB Austria and all individual defendants was closed by the public prosecutor. Private parties appealed and a decision is awaited.

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

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

In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich to have a review of the price paid to them by the parent company UniCredit S.p.A., equal to Euro 38.26 per share, in the context of the squeeze out of minority shareholders (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the price to be paid to the former minority shareholders. At present the proceeding is pending in the first instance.

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

In 2008, approximately 70 former minority shareholders of UCB Austria commenced proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to Euro 129.4 per share, was inadequate, and asking the court to review the adequacy of the amount paid (Appraisal Proceeding). At present the proceeding is pending in the first instance.

Financial sanctions matters

Following the settlement in April 2019 with the U.S. and New York Authorities, the parent company UniCredit S.p.A., UCB AG and UCB Austria have implemented additional requirements and controls, about which the banks make periodic reports to the authorities.

Euro-denominated bonds issued by EU countries

On 31 January 2019, the parent company UniCredit S.p.A. and UCB AG received a Statement of Objections from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extends to certain periods from 2007 to 2012 and includes alleged activities by UCB AG in a part of this period. The Statement of Objections does not prejudge the outcome of the proceeding; should the European Commission conclude that there is sufficient evidence of an infringement, a decision prohibiting the conduct and imposing a fine could be adopted, with any fine subject to a statutory maximum of 10 per cent. of the company's annual worldwide turnover.

The parent company UniCredit S.p.A. and UCB AG had access to the entirety of the European Commission's file on the investigation from 15 February 2019 onwards and participated in a hearing before, and a meeting with, the European Commission on 22-24 October 2019 and on 15 March 2021. As a result of the assessment of the files, the hearing and the meeting, the parent company UniCredit S.p.A. and UCB AG regard it likely, but not certain, that a cash outflow will be required to fulfil a fine arising from the outcome of the investigation. On the basis of the current information available to the parent company UniCredit S.p.A. and UCB AG, applying best commercial judgement, a provision has been established within the accounts of UCB AG.

On 29 April 2019, the parent company UniCredit S.p.A. and UCB AG responded to allegations raised in the Statement of Objections. Proceedings are ongoing. There is no legal deadline for the European Commission to complete antitrust inquiries. The parent company UniCredit S.p.A. and UniCredit Bank AG currently anticipate that a final decision is likely to be issued by the beginning of the third quarter of 2021.

On 11 June 2019, UCB AG and UniCredit Capital Markets LLC were named, among other financial institutions, as defendants in a putative class action already pending in the United States District Court for the Southern District of New York. The third amended class action complaint, filed on 3 December 2019, alleges a conspiracy among dealers of Euro-denominated bonds issued by European central banks to fix and manipulate the prices of those bonds, among other things by widening the bid-ask spreads they quoted to customers. The putative class consists of those who purchased or sold Euro-denominated bonds issued by European central banks in the US between 2007 and 2012. On 23 July 2020, the court granted motions to dismiss the third amended complaint by certain defendants, including UCB AG and UniCredit Capital Markets LLC, without prejudice. Plaintiffs filed their fourth amended class action complaint on 9 February 2021, repleading their claim against UCB AG and UniCredit Capital Markets LLC and other financial institutions. Like earlier pleadings, the fourth amended class action complaint does not include a quantification of damages claimed. Exchange of correspondence concerning motions to dismiss the fourth amended complaint is commenced in April 2021.

Proceedings related to claims for Witholding Tax Credits

On 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits on German share dividends) at UCB AG. The findings of the Supervisory Board's investigation indicated that the bank sustained losses due to certain past acts/omissions of individuals.

The Supervisory Board has brought proceedings for compensation against three individual former members of the management board, not seeing reasons to take any action against the current members. In line with the suggestion of the Regional Court of Munich I, the conflicting parties settled the dispute out of court.

In addition, criminal investigations have been conducted against current or former employees of UCB AG by the Prosecutors in Frankfurt am Main, Cologne and Munich with the aim of verifying alleged tax evasion offences on their part. UCB AG cooperated, and continues to cooperate, with the aforesaid Prosecutors who investigated offences that include alleged tax evasion in connection with cum-ex transactions both for UCB AG's own book as well as for a former customer of UCB AG. Proceedings in Cologne against UCB AG and its former employees were closed in November 2015 with, inter alia, the payment of a fine of Euro 9.8 million by UCB AG. The investigations by the Frankfurt am Main Prosecutor against UCB AG under section 30 of the Administrative Offences Act (the Ordnungswidrigkeitengesetz) were closed in February 2016 with the payment of a fine of Euro 5 million. The investigation by the Munich Prosecutor against UCB AG was closed in April 2017 with legally binding effect following the payment of a forfeiture of Euro 5 million.

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

The Munich tax authorities are currently performing a regular field audit of UCB AG for the years 2013 to 2016, which includes, among other things, a review of other transactions in equities around the dividend record date. During these years, UCB AG performed, among other things, securities-lending transactions with different domestic counterparties which include, but are not limited to, different types of security transactions around the dividend date. It remains to be clarified whether, and under what circumstances, tax credits can be obtained or taxes refunded with regard to different types of transactions carried out close to the dividend record dates, and what the further consequences for the bank will be in the event of different tax treatment. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in constant communication with relevant regulatory authorities and the competent tax authorities regarding these matters. UCB AG has made provisions.

Proceedings relating to certain forms of banking transactions

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

In this regard, as at 31 December 2020, (i) proceedings against the parent company UniCredit S.p.A. pertaining to compound interest, typical of the Italian market, had a total claimed amount of Euro 1.1 million, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was Euro

744 million, mediations included) and the German market (for which the claimed amount against UCB AG was Euro 27 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CEE countries (for which the claimed amount was around Euro 151 million).

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

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

With respect to proceedings relating to foreign currency (**FX**) loans, in the last decade, a significant number of customers in the Central and Eastern Europe area took out these types of loans and mortgages denominated in a foreign currency. In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of the parent company UniCredit S.p.A. in a number of CEE countries including Croatia, Slovenia and Serbia.

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

In September 2016, UCB Austria and Zagrebačka Banka (**Zaba**) initiated a claim against the Republic of Croatia under the Agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses suffered as a result of the Conversion Amendments. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers requested so. Following a hearing, the arbitral tribunal ruled on part of the Respondent's jurisdictional objections. The arbitral proceedings remain pending.

In 2019, the Supreme Court of the Republic of Croatia ruled that the CHF currency clause contained in certain loan and mortgage documentation was invalid. Accordingly, in the course of 2019, court decisions, recent court practice related to FX matters along with the expiration of the statute of limitation for filing individual lawsuits in respect of the invalidity of the interest rate clause, led to a significant increase in the number of new lawsuits against Zaba. In March 2020, the Supreme Court ruled that agreements entered into following the Conversion Amendments whereby customers converted their CHF mortgages and/or loans into Euro are valid and accordingly no additional payments are due. In October 2020 the Supreme Court, as well as one additional lower court, approached the European Court of Justice with a request for preliminary ruling asking for an interpretation on the applicability of the Directive on unfair terms in consumer contracts and consequently whether a consumer who converted its loan in accordance with the terms of the of the Conversion Amendments is entitled to additional payments. The matter of the validity of the FX clauses contained in mortgages and loan documentation is still pending before the Constitutional Court of the Republic of Croatia. Provisions have been booked which are deemed appropriate.

VIP 4 Medienfonds

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

Vanderbilt related litigations

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

Vanderbilt Financial LLC (**VCA**) related litigations, where Pioneer Investment Management USA Inc., Pioneer Global Asset Management S.p.A. (**PGAM**), at the time controlled by UniCredit S.p.A. and incorporated by the latter in 2017, and the parent company UniCredit S.p.A. (the **Defendants**) were named as additional defendants by virtue of their corporate affiliation with VCA, including in legal proceedings brought by a former employee of the State of New Mexico (the **Public Authority**), who claimed to act as representative of the Public Authority for the losses suffered by the State of New Mexico during the 2006-08 market downturn on investments managed by VCA (mainly CDOs). The total amount of losses claimed in those proceedings is approximately $ 365 million. In 2012, the Defendants reached a settlement agreement for an amount of $ 24.25 million and the settlement amount was deposited into escrow at the beginning of 2013. The settlement is contingent on the Court's approval, but that process was temporarily delayed pending the determination by the New Mexico Supreme Court of a legal matter in a separate lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 the Defendants and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA and the Defendants be dismissed. A judgment to that effect was entered in September 2017 and a motion by the former State employee seeking to set aside that judgment was denied by the Court in October 2017. Appeals from the judgment and the subsequent order were taken in October and November 2017 and in June 2020, the New Mexico Court of Appeals affirmed that judgment. A motion for rehearing was subsequently denied. In October 2020, the New Mexico Supreme Court declined to hear a further appeal, but the former State employee subsequently petitioned for rehearing, and that motion remains pending. The settlement cannot be effectuated while the appeal remains pending. If the judgment continues to be upheld on appeal, the escrowed amount will be paid over to the State of New Mexico and the Defendants, including UniCredit S.p.A., will all be released from all the claims that were or could have been brought by or on behalf of the State or any of its agencies or funds.

Alpine Holding GmbH

Legal proceedings against UCB Austria arose from bondholders' claims commenced in June/July 2013. The claims stemmed from the insolvency of Alpine Holding GmbH, as UCB Austria acted as joint lead manager, together with another bank, for the undertaking of Alpine Holding GmbH bond issues in 2010 and 2011. Bondholders' claims are mainly referred to prospectus liability of the joint lead manager, whereas a minority of the cases is based on misselling due to allegedly unlawful investment advice. The damage claims amount to Euro 20.26 million. These proceedings are mainly pending in the first instance and may be adverse to UCB Austria.
Most recently, the expert appointed by the Court in the majority of the civil proceedings has issued a report largely in favour of UCB Austria and the other issuing banks. Investors have a different reading

of the report and have requested that the expert answers supplementary questions, as did the issuing banks. The processing of the supplementary questions is still pending. Therefore, the final outcome of the expert report cannot be assessed as of yet.
In addition to the ongoing proceedings against UCB Austria stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. Despite the favourable expert opinion mentioned above, at the moment it is impossible to estimate reliably the timing and results of the various actions, nor determine the level of liability, if any.

Valauret S.A.

Civil claim filed in 2004 by Valauret S.A. and Hughes de Lasteyrie du Saillant for losses resulting from the drop in the share price, between 2002 and 2003, including allegations on alleged fraudulent actions by members of the company's Board of directors and others. UCB Austria (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 based on the fact that it was banker to one of the defendants. The total claimed amount is equal to Euro 129.86 million (plus costs Euro 4.39 million). Furthermore, in 2006, before the action was extended to UCB Austria, the civil proceedings were suspended following the opening of criminal proceedings by the French State that are underway. In December 2008, the civil proceedings were also suspended against UCB Austria. Nevertheless, the proceedings are still pending and may be adverse to UCB Austria, although the alleged claims are considered unfounded.

Divania S.r.l.

In 2007, Divania S.r.l. (now in bankruptcy) (**Divania**) filed a lawsuit in the Court of Bari against UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now UniCredit S.p.A.) alleging violations of law relating, *inter alia*, to financial products in relation to certain rate and currency derivative transactions entered into between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.), demanding damages in the amount of Euro 276.6 million, legal fees and interest. Divania also seeks the nullification of a 2005 settlement reached by the parties in which Divania had agreed to waive any claims in respect of the transactions. In 2017, the Court of Bari ordered the parent company UniCredit S.p.A. to pay approximately Euro 7.6 million plus interests and part of the expenses in favour of Divania's bankruptcy trustee and found that it did not have jurisdiction to rule on certain of Divania's claims. The parent company UniCredit S.p.A. appealed.

Divania filed two additional lawsuits before the Court of Bari: (i) one for Euro 68.9 million in 2009 (subsequently increased to Euro 80.5 million), essentially mirroring the claims brought in its lawsuit filed in 2007; and (ii) a second one for Euro 1.6 million in 2006. With respect to the first lawsuit, in May 2016, the Court of Bari ordered the parent company UniCredit S.p.A. to pay approximately Euro 12.6 million plus costs. The parent company UniCredit S.p.A. appealed. With respect to the second lawsuit, in 2015, the Court of Bari rejected Divania's original claim and the judgment has res judicata effect.

I Viaggi del Ventaglio Group (IVV)

In 2011, IVV DE MEXICO S.A., TONLE S.A. and the bankruptcy trustee of IVV INTERNATIONAL S.A. filed a lawsuit against the parent company UniCredit S.p.A. in the Court of Milan demanding approximately Euro 68 million in damages. In 2014, the bankruptcy trustees of IVV Holding S.r.l. and IVV S.p.A. filed two additional lawsuits against the parent company UniCredit S.p.A. in the Court of Milan demanding Euro 48 million and Euro 170 million, respectively, in damages. In October 2019, the bankruptcy trustee of I Viaggi del Ventaglio Resorts Ventaglio Real Estate S.r.l. filed an additional lawsuit in the Court of Milan against the parent company UniCredit S.p.A. demanding a total of Euro 12.8 million in damages.

The four lawsuits pertain to allegedly unlawful conduct with regard to certain loans and certain derivative transactions. At present, (i) the parent company UniCredit S.p.A. won the first case both in the first-instance and on appeal; the plaintiffs may further appeal to the Supreme Court; (ii) the Bankruptcy Trustee and the parent company UniCredit S.p.A. reached a settlement agreement approved by the Court for the second case; (iii) the third case is pending in the first-instance and in July 2020 the bankruptcy trustee and the parent company UniCredit S.p.A. reached a settlement agreement by which the bankruptcy trustee will waive its claims against the Bank; the case will continue between the parent company UniCredit S.p.A., on one side, and the former statutory auditors and guarantors of the plaintiff, on the other, in light of the contribution claims raised by the latter against UniCredit S.p.A. in the context of the same proceedings; and (iv) in the fourth case the Court is to rule on the evidentiary requests submitted by the parties.

Lawsuit brought by "Paolo Bolici"

In May 2014, the company wholly owned by Paolo Bolici sued the parent company UniCredit S.p.A. in the Court of Rome asking for the return of approximately Euro 12 million for compound interest (including alleged usury component) and Euro 400 million for damages. The company then went bankrupt. The parent company UniCredit S.p.A. won the case in the first instance and the appeal is pending.
On 31 July 2020, Mr. Bolici's business partner sued the parent company UniCredit S.p.A., seeking damages based on analogous facts to those alleged in the 2014 proceedings.

Mazza

In 2005, the parent company UniCredit S.p.A. filed a criminal complaint against a Notary, Mr. Mazza, representatives of certain companies and disloyal employees of the parent company UniCredit S.p.A. in relation to unlawful lending transactions in favour of certain clients for approximately Euro 84 million. The criminal court of first instance acquitted the defendants. This decision was reversed by the Court of Appeal of Rome, which found all the defendants guilty.

Following the acquittal in the first-instance criminal proceedings, Mr. Mazza and other persons involved in the criminal proceedings filed two lawsuits for compensation claims against the parent company UniCredit S.p.A.: (i) the first (commenced by Mr. Mazza with a claimed amount of approximately Euro 15 million) has been ruled in favour of UniCredit and the plaintiffs have appealed; (ii) in the second (commenced by Como S.r.l. and Mr. Colella with a claimed amount of approximately Euro 379 million) case the Court of Rome ruled in favour of the parent company UniCredit S.p.A. and the plaintiffs may appeal. In the view of the parent company UniCredit S.p.A., these lawsuits currently appear to be unfounded, in particular in light of the criminal judgment by the Court of Appeal of Rome and the civil judgment by the Court of Rome.

So.De.Co. - Nuova Compagnia di Partecipazioni S.p.A.

As part of a restructuring, in 2014, Ludoil Energy S.r.l. (**Ludoil**) acquired the "oil" business from Nuova Compagnia di Partecipazione S.p.A. (**NCP**). In March 2016, So.DeCo., a wholly owned subsidiary of Ludoil, filed a lawsuit in the Court of Rome against its former directors, NCP, the parent company UniCredit S.p.A. (in its capacity as holding company of NCP) and the external auditors (PricewaterhouseCoopers S.p.A. and Deloitte & Touche S.p.A.) claiming damages of approximately Euro 94 million for allegedly failing to provision properly for supposed environmental risks and thereby causing the inflation of the sale price paid by Ludoil. In November 2019, the Court rejected So.De.Co.'s claims in their entirety and ordered it to pay costs in favour of the defendants. So.De.Co. appealed the judgment and reduced its claim to approximately Euro 17 million. In November 2017, So.De.Co. filed a separate lawsuit against NCP and its former directors. The case is ongoing. In February 2019, NCP commenced an arbitral proceeding against Ludoil (So.De.Co.'s sole shareholder). The proceedings are ongoing.

Criminal proceedings

Certain entities within the UniCredit Group and certain of its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as the parent company UniCredit S.p.A. is aware, are under investigation by the competent authorities with regard to various cases linked to banking transactions, including, specifically, in Italy, the offence pursuant to Article 644 (usury) of the Italian Criminal Code.

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

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

Labour-related Litigation

The Companies are involved in employment law disputes and, as the date of this Base Prospectus, there are pending disputes brought against it. In general, provisions have been made, judged by the Parent Company and, time to time, by all the interested Subsidiaries as adequate in order to cover any potential and connected disbursement. On this matter we report lawsuits brought against UniCredit S.p.A. by members of the former Cassa di Risparmio di Roma Fund aimed to reconstitute the patrimony of the fund, ascertain and quantify social security individual position of each member. Claims' value is about Euro 384 million. The litigations are now pending before the Supreme Court after two degrees decisions favorable to the Bank. No provision has been made as these claims are considered groundless.

Diamond offer

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

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

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

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

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

As at 31 December 2020, UniCredit:

- received reimbursement requests for a total amount of about Euro 404 million (cost originally incurred by the Clients) from No. 11,975 customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalisation of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur;

- with reference to the scope outlined in the previous point (Euro 404 million), reimbursed No. 8,031 customers for about Euro 302 million (equivalent value of original purchases), equal to about 75 per cent. of the reimbursement requests said above.

In order to cope with the probable risks of loss related to the repurchases of diamonds, a dedicated Risk and Charges Fund was set up; its quantification was also based on the outcome of an independent study (commissioned to a primary third company) aiming at evaluating the diamonds' value.

Finally, the gems purchased are recognised for about Euro 73 million in item "130. Other assets" of the balance sheet. This value is consistent with the main parameters of the reference market, and also reflects the likely effects associated with the liquidity crisis in the sector, heavily affected by the COVID-19 outbreak which characterised the economic scenario in 2020.

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

On 2 October 2019, the Bank and certain individuals received the notice of conclusion of the investigations pursuant to Article 415-bis of the Italian Code of criminal procedure. The notice confirmed the involvement of certain current and former employees for the offence of aggravated fraud and self-laundering. With regard to the latter, self-laundering serves as a predicate crime for the administrative liability of the Bank under Legislative Decree No. 231/2001. In September 2020, a new notice pursuant to Article 415-bis of the Italian Code of Criminal Procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit individuals only pertain to the offence of fraud. Such new allegations do not modify the overall investigative framework as per the notice served in the autumn of 2019. Following the notification of the notices pursuant to Article 415-bis, if the Public Prosecutor determines to request the indictment for all or part of the subjects involved, the preliminary hearing phase will take place.

Proceeedings related to Tax matters

Pending cases arising during the period

UniCredit filed a claim, in September 2020, against a partial denial of an IRES tax refund for the years 2007, 2008 and 2009 following a partial refund in July 2020. The amount of the litigation is Euro 1,9 million, equal to the amount of the credit registered in the accounting books of the bank. The claim aims at receiving the repayment of a share of principal and higher interests accrued on the principal already paid as well as on the share of principal still to be paid.

Updates on pending disputes and tax audits

With reference to pending disputes and tax audits, the following information is reported:

- At the end of the proceedings amounting to Euro 0.5 million pending before the Supreme Court relating to a tax assessment for IRPEG and ILOR 1987 referred to former Carimonte Banca S.p.A., the Court issued a judgment in July 2020 partially in favour of the bank (it upheld the claim concerning the calculation of the percentage of deductibility of passive interests and other costs and charges for ILOR purposes) and referred the parties to the second degree Tax Court. The bank, following an in-depth assessment of the outcome of the referred proceedings, decided not to file a claim before the second degree Tax Court.

- As to a set of proceedings relating to denial of refund of IRAP 2001 credits and IRPEG 2000 and 2001 credits, for a total amount of Euro 9.3 million, the Tax Agency filed different claims before the Supreme Court against the judgements issued in favour of the bank by the second degree Tax Court and it also filed appeals for the revision of said judgements. The proceedings are actually pending before both the Supreme Court and the second-degree Tax Court.

- UniCredit, following a tax audit carried out on the "Fondo Pensione C.C.R.V.E.", was served with notices imposing penalties for VAT purposes against former UniCredit Real Estate S.C.p.a., for alleged violation of invoicing rules in relation to rental fees paid to Fondo Pensione C.C.R.V.E. for the years 2007 – 2012. As to the fiscal years 2007 – 2011, the proceedings are pending before the Supreme Court (Euro 0.5 million). As concerns the year 2012 (Euro 0.1 million), UniCredit, in November 2020, filed an appeal before the second-degree Tax Court against the decision of the first-degree Tax Court and the proceeding is pending.

- In the context of a set of litigations in charge to UniCredit S.p.A., following the sale back, in June 2020, of tax credits previously assigned to Banca Farmafactoring. S.p.A., with specific reference to a litigation concerning the implied decision of denial ("*silenzio rifiuto*") of a tax refund request for IRPEG 1997 submitted by former Banca di Roma S.p.A., equal to Euro 43.5 million, UniCredit, in September 2020, filed an appeal against the decision of the first-degree Tax Court. For the other litigations relating to the same matter, UniCredit will become a party in the proceedings and will request the exclusion of Banca FarmaFactoring from said proceedings according to Article 111, Italian Code of Civil Procedure.

- The Supreme Court issued a decision in September 2020 regarding a notice of assessment referred to former UniCredit Banca S.p.A. and concerning VAT 2004 for a claimed amount of Euro 2,27 million. The decision is partially in favour of the Tax Agency and the Supreme Court referred the parties to the second-degree Tax Court to rule also on legal expenses. The claims raised by the Tax Agency are related to the costs paid by some legal entities of the Group for company meetings abroad. The bank will file a claim before the second-degree Tax Court.

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

    - as to the settlement of tax litigations according to D.L. No. 119/2018 with the payment of Euro 2,1 million, that was mentioned in the financial statements of 2019, all settlements were finalized as no formal denial has been notified by the Tax Agency, according to Article 6 of Law Decree No. 119/2018; moreover, the proceedings were suspended up to 31 December 2020;
    - the litigation relating to a request of payment served to UniCredit S.p.A. in its quality of incorporating entity of UniCredit Bank Austria A.G. Italian branch, by which it was claimed failure to pay withholding taxes for an amount of Euro 1,5 million, was settled out of Court following the total cancellation of the request by the Tax Agency;
    - in March 2020, UniCredit Bank A.G. Milan branch was served with a request of documents on transfer pricing issues for the fiscal years 2015, 2016 and 2017; the claim

was settled by means of the so-called "*accertamento con adesione*" administrative procedure with the payment of Euro 0.8 million.

- As to the notices of assessment relating to VAT for the fiscal years 2013 e 2014 referred to UniCredit Bank A.G. Italian branch, total amount Euro 27,31 million, in October 2020, the Tax Agency cancelled the requests for the entire amount for both the fiscal years.
- The Italian Tax Police ("*Guardia di Finanza*") carried out on UniCredit Leasing S.p.A. a tax audit for the fiscal years 2014 – 2017: for the year 2014 the company was served with a notice of assessment and Euro 0.22 million were paid; for the year 2015 the Tax Policy issued a tax audit report, no claims were raised and the bank notified its comments ("*osservazioni*"). The audit aimed at assessing compliance with tax obligations relating to VAT with specific reference to leasing contracts concerning ships sailing on high seas and used for trade purposes for the years 2014 – 2017. As concerns the fiscal years 2016 and 2017, the tax audit is ongoing.

For more information, reference is made to the information that has been disclosed in the Consolidated Financial Statements as at 31 December 2020.

As at 31 December 2019, the provisions for tax risks referred to tax litigation, tax audit and tax credits amounted to Euro 177.9 million, of which Euro 6.5 million for legal expenses. As at 31 December 2020, the provisions for the above-mentioned tax risks amount to Euro 180.76 million, of which Euro 6.37 million for legal expenses.

Proceedings connected with Supervisory Authority Measures

The UniCredit Group is subject to complex regulation and supervision by, *inter alia*, the Bank of Italy, CONSOB, the EBA, the ECB within the European System of Central Banks (ESCB), as well as other supervisory authorities. In this context, the UniCredit Group is subject to normal supervision by the competent authorities. Some supervisory actions have resulted in investigations and charges of alleged irregularities that are in progress as at the date of this Base Prospectus. The Group has acted to prove the regularity of its operations and does not believe that these proceedings could have relevant effects on the financial situation or profitability of the Issuer and/or the UniCredit Group.

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

- The sub-paragraph "*Share Capital*" of the paragraph titled "*Additional Information*" in the "*Description of UniCredit and the UniCredit Group*" section, on page 303 of the Base Prospectus, is deleted in its entirety and replaced as follows:

"7.1 Share Capital

As at the date of this Base Prospectus, UniCredit's share capital, fully subscribed and paid up, amounted to Euro 21,133,469,082.48, comprising 2,243,550,408 ordinary shares without nominal value."

- The sub-paragraph "*Memorandum and Articles of Association*" of the paragraph titled "*Additional Information*" in the "*Description of UniCredit and the UniCredit Group*" section, on pages 303-304 of the Base Prospectus, is deleted in its entirety and replaced as follows:

"7.2 Memorandum and Articles of Association

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

The Issuer is registered with the Company Register of Milano-Monza-Brianza-Lodi under registration number, fiscal code and VAT number 00348170101.

The current Articles of Association was registered with the Company Register of Milano-Monza-Brianza-Lodi on 30 March 2021.

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

General Information

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

- The paragraph "*Significant or material adverse change*" in the "*General Information*" section on page 337 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*

The current market environment is still characterized by uncertainties due to the COVID-19 crisis, with potential effects also on the financial markets, the impact of which on the profitability of the Issuer, in particular in terms of operating income and cost of risk, cannot yet be finally assessed as at the date of this Base Prospectus. Except for the possible impact of the COVID-19 crisis indicated above, 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 2020.

There has been no significant change in the financial performance of the Group since 31 March 2021 to the date of this Base Prospectus.

Significant change in the Issuer's financial position

The current market environment is still characterized by uncertainties due to the COVID-19 crisis, with potential effects also on the financial markets, the impact of which on the profitability of the Group, in particular in terms of operating income and cost of risk, cannot yet be finally assessed as at the date of this Base Prospectus. Except for the possible impact of the COVID-19 crisis indicated above, there has been no significant change in the financial position of the Group which has occurred since 31 March 2021."

- The paragraph "*Trend information*" in the "*General Information*" section on page 338 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

The current market environment is still characterized by uncertainties due to the COVID-19 crisis, with potential effects also on the financial markets, whose impact on Group's profitability, in particular in terms of operating income and cost of risk, and on the macro scenario and the sector underlying the Strategic Plan 2020-2023, cannot yet be finally assessed as at the date of this Base Prospectus. Except what aforementioned, 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. It should be noted that the review of the Strategic Plan initiated following the arrival of the new CEO and the new Board of Directors is expected to be concluded in the second half of 2021."

- The paragraph "*External Auditors*" in the "*General Information*" section on page 338 of the Base Prospectus is amended as follows, so that the following paragraphs set out below shall replace the corresponding paragraphs currently included in the Base Prospectus and the paragraphs not set out below shall remain unchanged:

"[…]

Deloitte has audited and issued unqualified audit opinions – incorporated by reference in this Base Prospectus – on the consolidated financial statements of the UniCredit Group and on the financial statements of the Issuer for the year ended on 31 December 2020 and 31 December 2019.

Except for the financial information contained in the consolidated financial statements of the UniCredit Group and in the financial statements of the Issuer for the year ended on 31 December 2020 and 31 December 2019 and in the interim consolidated financial statements ended on 30 June 2020, no other financial information has been verified by the auditors.

[…]

No auditors have resigned, have been removed or have not been re-appointed during the financial statements 2019 and 2020".

Annex 1 - Further Information Related to Index Linked Notes and Inflation Linked Interest Notes

The "*Annex 1 - Further Information Related to Index Linked Notes and Inflation Linked Interest Notes*" section on pages 341 and 342 of the Base Prospectus is deleted in its entirety and replaced with the one set out in Appendix 1 to this Supplement.

General

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

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

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

In accordance with Article 23(2a) 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 20 May 2021. 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.

APPENDIX 1

Annex 1 - Further Information Related to Index Linked Notes and Inflation Linked Interest Notes

FURTHER INFORMATION RELATED TO INDEX LINKED NOTES AND INFLATION LINKED INTEREST NOTES

The Issuer can issue Notes which are linked to an index (the **Index Linked Notes**) pursuant to the Programme, where the underlying index is either (i) the Italy CPI (the **Italy CPI Linked Notes**), or (ii) the HICP or the Non revised index of Consumer Prices excluding tobacco, measuring the rate of inflation in the European Monetary Union excluding tobacco published by Eurostat (HICP) (the **HICP Linked Notes**). The following information provides a clear and comprehensive explanation to prospective investors about how the value of Index Linked Notes is affected by the value of the underlying index.

Italy CPI or **ITL – Inflation for Blue Collar Workers and Employees - Excluding Tobacco Consumer Price Index Unrevised** means, subject to the Terms and Conditions, the "*Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI), senza tabacchi*" as calculated on a monthly basis by the ISTAT - *Istituto Nazionale di Statistica* (the Italian National Institute of Statistics) (the **ISTAT**) which appears on Bloomberg Page ITCPI (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying the level of such index), provided that for the purposes of the calculation of the Rate of Interest and the Final Redemption Amount, the first publication or announcement of a level of the Index (excluding estimates) by the ISTAT for a given month shall be final and conclusive and later revisions of the level for such month will not be used in any calculations.

Measuring inflation consists of monthly compilation of price changes of a pre-determined group of goods and services (known as **basket**). In Italy, the Consumer price index for blue- and white-collar worker households (FOI), generally used for monetary revaluations, is calculated by the ISTAT. For the Italy CPI, in 2015, the calculation of price change concerns a basket of 1,441 items (from pasta to passenger air transport, from bread to personal computers, or from petrol to coffee at a bar, etc.) representing the universe of products purchased by households.

These products go to make up the so-called basket, which is divided into 12 expenditure divisions, each with its own weight: Food and non-alcoholic beverages; Alcoholic beverages, tobacco; Clothing and footwear; Housing, water, electricity, gas and other fuels; Furnishings, household equipment and routine household maintenance; Health; Transport; Communication; Recreation and culture; Education; Restaurants and hotels; Miscellaneous goods and services. Within each division, each type of goods or services contributes to the compilation of the index with a weight equal to its importance on the total household consumption expenditure. For example, bread weighs 1.0 per cent. in the basket while pasta weighs only 0.5 per cent., hotel room weighs 2.1 per cent. and holiday farms 0.1 per cent.

The products in the basket and the weight attributed to them are defined according to household consumption expenditure, in order to represent the structure of population's consumption. Each year a sample is specified, made up of the products whose price dynamic is representative of that of a wider range: for example, to calculate the variation in prices of the "Small electrical appliances" consumption segment, we follow the prices of plugs, electric batteries, energy saving light bulbs and adapter plugs. The identification of major household expenditure aggregates and the estimation of their weights are carried out using as main source National Accounts data on household final consumptions. These major expenditure aggregates, up to the selection of single products and the estimation of their weights, are detailed using several sources available both inside (Household Budget Survey which involves approximately 28,000 Italian households every year; Foreign Trade, Industrial Production and Tourism

Flow Surveys) and outside ISTAT (figures from ACNielsen, SIAE, etc.) in order to ensure an accurate coverage.

The basket is updated each year to represent the actual household purchasing behaviour and to take into account any changes in this behaviour and in the range of products offered on the market. Each year either the goods and services in the basket or their weights are updated. For example, some new items in the 2015 basket reflect the change in household consumption behaviour (such as gluten-free biscuit and gluten-free pasta, non-alcoholic beer, car sharing and bike sharing, beverages dispensed by automatic vending machine, ginseng coffee at the café and fiscal counsel for dwelling taxes computation). Other updating of the basket can be done in order to improve the coverage of some household expenditure aggregates (such as the addition of pizza - bakery product, bed, hire of wheelchair for disabled people and spare parts for shavers).

Reference base year for Italy CPI

The FOI indices are expressed with 2015=100 as a reference base year.

More information on Italy CPI, including past and current levels, can be found at: http://www.istat.it.

HICP means the EUROSTAT Eurozone HICP (excluding Tobacco) Unrevised Series NSA Index which mirrors the weighted average of the harmonized indices of consumer prices in the Euro-Zone, excluding tobacco (non-revised series) published by the Index Sponsor on Bloomberg under "CPTFEMU". The first publication or announcement of a level of the HICP for the relevant period or time of valuation of the HICP shall be final and conclusive and later revisions to the level for the relevant period or time of valuation will not be used in any calculations. The composition and calculation of the HICP by the Index Sponsor might change to reflect the addition of any new Member States of the European Union to the Euro-Zone without any effect to the references to the HICP in these Terms and Conditions. More detailed information on the HICP (including the historical Index values) are available on the following website: http://epp.eurostat.ec.europa.eu and on Bloomberg page: CPTFEMU Index <GO>.Eurostat Eurozone Harmonised Indices of Consumer Prices excluding Tobacco Unrevised Series Non Seasonal Adjusted

The Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP), as calculated and published by EUROSTAT and the national statistical institutes in accordance with harmonised statistical methods (the **HICP**) is an economic indicator constructed to measure the changes over time in the prices of consumer goods and services acquired by households in the Eurozone. Following the Maastricht Treaty, the HICPs have been used as convergence criteria and the main measure for monitoring price stability by the ECB in the Euro area, as well as for use on international comparison.

HICP is the aggregate of the Member States' individual harmonised index of consumer prices excluding tobacco (**Individual HICP**). Each country first publishes its Individual HICP in conjunction with its consumer price index. Thereafter, Eurostat aggregates the Individual HICPs and publishes an HICP for the Eurozone, as well as a breakdown by item and by country. In any specific year, each country's weight in the HICP for the Eurozone equals the share that such country's final household consumption constitutes within that of the Eurozone as a whole for the year that is prior to that specified year. These weights are re-estimated every year in the January publication of the HICP.

HICP is said to be harmonised because the methodology and nomenclatures for the index of prices are the same for all of the countries in the Eurozone and the European Union. This makes it possible to compare inflation among different Member States of the European Union. Emphasis is placed on the quality and comparability of the various countries' indices.

HICP is calculated as an annual chain-index, which makes it possible to change the weights every year. This also makes it possible to integrate new entrants, as in the case of Greece in January 2001. If a new entrant is integrated in a specific year, it is included in the Eurozone HICP starting from January of that year. The new Member State's weight is included in the annual revaluation of the HICP.

HICP is published every month on Eurostat's internet site, according to a pre-determined official timetable. Publication generally occurs around the 14th – 16th day of the following month. If a revision is made, it is published with the HICP of the following month.

Base Year Change

In Europe, the national statistics institutes change the base year of their price indices every 5 to 10 years. This procedure is necessary to ensure that the index follows changes in the consumption pattern through a new consumer spending nomenclature. The resetting of the base generally accompanies changes in the definition of household consumption that occur when the national accounting system is modified. Since 2006, the index reference period has been set to 2005 = 100. In order to obtain a common price reference period, too, the weights for each year are "price updated" to December of the previous year. Starting with the release of January 2016 data on 25 February 2016, the reference year of the Harmonised Index of Consumer Prices (HICP) series has changed to 2015=100.

More information on the HICP, including past and current levels, can be found at: *http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction.*

HICP Linked Notes

A HICP Linked Note is a type of Note where the interest payable and the nominal amount of the Note are both adjusted in line with the HICP. This means that both the interest amounts paid periodically and the principal required to be paid on redemption of the HICP Linked Note are adjusted to take account of changes in the HICP since the specified reference date for calculating the HICP (i.e. the index fixing date, as described below).

To calculate the HICP adjustment, two HICP 'fixing' figures are required – one that relates to the start of the Note's life (the **Base HICP**) and one that relates to the relevant payment date. The real rate of interest offered on HICP Linked Notes (i.e. the rate before taking inflation into account) is fixed when the HICP Linked Notes are issued.

Interest on HICP Linked Notes

The interest amount due on each interest payment date of a HICP Linked Note will be adjusted to take into account the change in inflation between the Base HICP figure and the HICP figure relating to the relevant interest payment date, and is calculated using the following simple formula:

Specified Denomination x Real Rate of Interest x Day Count Fraction x (HICP relating to the relevant interest payment date/ Base HICP)

Redemption of HICP Linked Notes

Assuming that the Issuer is able to pay its debts in full and the HICP Linked Notes are not otherwise redeemed or purchased and cancelled in accordance with the Conditions, HICP Linked Notes will be repaid on their maturity date at their nominal amount, plus/less an additional amount reflecting any increase/decrease in the HICP between the Base HICP figure and the HICP figure relevant to the payment date. The redemption amount is calculated at a specified time prior to the maturity date, unless a maximum or minimum redemption amount is otherwise specified. Where the HICP figure relevant to the payment date is lower than the Base HICP, investors will receive less than the nominal amount of the HICP Linked Notes on the maturity date if no minimum redemption amount is specified, or if the minimum redemption amount is specified at an amount lower than the nominal amount.

The redemption amount due will be calculated as follows, unless a maximum or minimum redemption amount is specified:

Nominal Amount x [HICP figure relating to the maturity date / Base HICP]