FOURTH SUPPLEMENT DATED 16 MAY 2022

TO THE BASE PROSPECTUS DATED 7 JUNE 2021

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 7 June 2021, as supplemented by the first supplement dated 10 August 2021, the second supplement dated 20 December 2021 and the third supplement dated 2 February 2022 (the **Base Prospectus**), constitutes a supplement for the purposes of Article 23(1) of the Prospectus Regulation and is prepared in connection with the €60,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by UniCredit S.p.A. (**UniCredit** or the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

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

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

Purpose of the Supplement

The purpose of the submission of this Supplement is to update the following sections of the Base Prospectus: (i) "*Risk Factors*"; (ii) "*Responsibility Statement, Third Party Information and Experts' Reports*"; (iii) "*Documents Incorporated by Reference*" to incorporate by reference the 2021 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 2022 – Press Release); (iv) "*Terms and Conditions for the Italian Law Notes*"; (v) "*Description of UniCredit and the UniCredit Group*"; and (vi) "*General Information*".

Risk Factors

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

- In the subsection "*Risks related to the financial situation of the Issuer and of the Group*", the Risk Factor headed "*Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak*", on pages 23-26 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.1.1. <u>Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia</u>

*The financial markets and the macroeconomic and political environment of the countries in which UniCredit operates were impacted by the viral pneumonia known as "Coronavirus" (**COVID-19**) outbreak and this has had and could continue to have a negative impact on the performance of the Group. Moreover, the valuation of certain assets has become complex and uncertain as a result of the lockdown measures and other restrictive measures put in place by governments for the containment of the COVID 19 pandemic, even though progressively lifted, as well as recent geopolitical tensions with Russia. Expectations regarding the performance of the global economy remain therefore still uncertain in both the short and medium term. The macroeconomic context in which the Group functioned in 2021 was characterized by encouraging signs of recovery compared with the prior year, supported by the governmental measures sustaining the economy, by vaccination campaigns and by the progressive slowing-down of the lockdown measures. The current environment continues to be characterized by highly uncertain elements, such as geopolitical tensions with Russia, with the possibility that the slowdown of the economy could generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement. On 9 December 2021 UniCredit presented to the financial community its new Strategic Plan, which included a set of strategic and financial objectives that considered the underlying scenario and resulted from the assessment performed in the previous months.*

The macro assumptions underlying the Strategic Plan exclude[1] *unexpected materially adverse developments such as the worsening of the COVID-19 pandemic, a situation that UniCredit is monitoring closely.*

The evaluations processes, such as 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 financial markets and the macroeconomic and political environment of the countries in which UniCredit operates were impacted by the viral pneumonia known as "Coronavirus" (**COVID-19**) outbreak and this has had and could continue to have a negative impact on the performance of the Group. Moreover, the valuation of certain assets has become complex and uncertain as a result of the lockdown measures and other restrictive measures put in place by governments for the containment of the COVID-19 pandemic even though progressively lifted. Expectations regarding the performance of the global economy remain still uncertain in both the short and medium term, also considering the recent geopolitical tensions with Russia.

The macroeconomic context in which the Group functioned in 2021 was characterized by encouraging signs of recovery compared with the prior year, supported by the governmental measures sustaining the economy, by vaccination campaigns and by the progressive slowing-down of the lockdown measures.

[1] Macro assumptions consider the recent and still existing impacts of COVID with a gradual normalisation over the upcoming years. The scenario does not assume that the current COVID situation will develop in a particularly negative way in the upcoming years.

The current environment continues to be characterized by highly uncertain elements, such as geopolitical tensions with Russia, with the possibility that the slowdown of the economy could generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement. The adequate operative answer and the prudential management ensured by the Group during 2020 to face the crisis emerging from the COVID-19 pandemic, allowed in 2021 to reach a performance improvement. In fact the Group recorded a Euro 822 million increase in revenues to Euro 17,954 million for the year ended 31 December 2021 from Euro 17,132 million for the corresponding period of 2020, sustained mainly by higher commissions and trading profit.

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

UniCredit's LLPs, excluding Russia, decreased by 93.2 per cent. Q/Q and 64.6 per cent. Y/Y to Euro 52 million in 1Q22. Therefore, the cost of risk, excluding Russia, decreased by 67 bps Q/Q and 9 bps Y/Y to 5 bps in 1Q22.

UniCredit's LLPs in 1Q22 amounted to Euro 1.3 billion almost entirely against Russia. Therefore, the CoR in 1Q22 was equal to 116 bps.

Revenues were up 4.8 per cent. Y/Y to Euro 18.0 billion in FY21 with fees (+12.1 per cent. Y/Y), trading income up +16 per cent. Y/Y and Dividends and other income from equity investments + 25.2 per cent., more than offsetting lower NII (*i.e.* net interest income) (-4 per cent. Y/Y). Total revenues up 12.0 per cent. Q/Q and up 5.5 per cent. Y/Y to Euro 4.8 billion in 1Q22, with continued fees (+9.0 per cent. Q/Q, +7.9 per cent. Y/Y) offset by weaker quarterly trends in NII (-4.2 per cent. Q/Q, +5.5 per cent. Y/Y)[2].

In details: FY21 NII was down 4 per cent. Y/Y to Euro 9.1 billion, as a result of lower loans volumes and customer rates; fees were at Euro 6.7 billion, up 12.1 per cent. FY/FY, mainly due to investment fees. FY21 trading income was up 16.0 per cent. FY/FY at Euro 1.6 billion, of which Euro 1.3 billion is customer driven, increasing thanks to Valuation adjustments (**XVA**[3]) and Fair Value (**FV**) valuation. Also dividends were up, +25.2 per cent. FY/FY to Euro 520 million, with a higher contribution from Yapi Kredi (+Euro 18 million FY/FY). In 1Q22[4], NII stood at Euro 2.2 billion, down 4.2 per cent. Q/Q. Adjusted for a positive non-recurring item in Germany in 4Q21 and days effect, NII was up 2 per cent. Q/Q, also supported by recovering demand for credit. Average client loan volumes are up Euro 8 billion Q/Q driven by Austria, Germany and Italy; fees at Euro 1.8 billion in 1Q22, up 9.0 per cent. Q/Q and 7.9 per cent. Y/Y. UniCredit fees are well diversified, and all categories contributed positively, led by transactional and financing fees; trading income was strong at Euro 701 million in 1Q22, of which Euro 388 million client driven, thanks to good results in Fixed Income, Currencies & Commodities in both in Italy and Germany, with positive XVA3 and good Treasury results contributing to a Q/Q increase.

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2021 and the consolidated interim report as at 31 March 2022 – Press Release.

Furthermore, the evaluation processes, such as Deferred Tax Assets, whose recoverable amount depends on expected cash flows projections, might be subject to a change not foreseeable as of the date of this Base Prospectus and which may have negative effects, including significant ones, on the bank's financial and economic situation.

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[2] Data excluding Russia.

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

[4] Data excluding Russia.

In addition, as a result of the current elements of high uncertainty, ESMA requires particular attention in performing assets evaluation. In particular, ESMA believes in the context of COVID-19 pandemic impairment tests have to assess (i) with particular attention the evaluation of cash flows used and (ii) the possible use of alternative scenarios. Coherently with such recommendations and with UniCredit's macro assumptions in the 2022-2024 Strategic Plan called "*UniCredit Unlocked*" (the **Strategic Plan** or **Plan**), that assumes the recent and still existing impacts of COVID-19 will gradually normalize without developing in a particularly negative way in the upcoming years, UniCredit Group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of 2021 Consolidated reports.

In particular, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macro-economic trends, alternative scenarios have been outlined assuming different trends in the main macro-economic parameters (e.g. gross domestic product, interest rates); in this respect:

- with reference to the sustainability test of deferred tax assets, a worst-case scenario ("Downturn") was considered, reflecting a downward forecast of the expected profitability of the business; and
- with reference to the valuation of credit exposures (IFRS9), two alternative scenarios ("Positive" and "Negative" vis-à-vis the "Baseline" scenario) were defined; such alternative scenarios provide for different assessments regarding the expected trend of the parameters that can influence the assessment of the prospective credit risk.

The above outlined lower predictivity has heightened in the first quarter 2022 due to the outbreak of geopolitical tensions between the Russian Federation and Ukraine.

Indeed, ECB Macro-economic Projections published in March 2022[5] report that the outlook regarding the trend in economic activities and inflation in the euro area has become very uncertain and depends crucially on how the war in Ukraine unfolds, on the impact of current sanctions and on possible further measures.

In light of the above-mentioned heightened uncertainties, specific analyses were performed in the first quarter of 2022:

- with reference to the Italian tax perimeter (which accounts for the significant majority of the DTAs): Baseline/Downturn scenarios, foreseen by the new strategic plan and used in the evaluation process as at 31 Dec 2021 were confirmed on the basis that the comparison with the updated macro-economic scenario highlighted that: (i) Italian GDP is substantially aligned with the Downturn in 2022 and with Baseline in 2023/2024; (ii) higher interest rates are foreseen, thus representing a positive driver considering the positive correlation existing between net interest income and interest rates trend;
- with reference to the credit exposures a specific analysis was put in place by comparing the scenarios used in the evaluation process of credit exposures as at 31 December 2021 and the updated macro-economic scenario developed in March 2022 by UniCredit Research:
    - with reference to the geographies different from Russia, the macroeconomic scenario developed in March 2022 reports a limited decrease in term of GDP for the periods 2022 – 2024 compared with 31 December 2021, not triggering an extraordinary update as of 1Q2022;
    - with reference to Russian consolidated subsidiaries, the macroeconomic scenario developed in March 2022 reports worsening GDP projections for the periods 2022 - 2024 compared with the negative scenario considered in December 2021 both on a year

[5] ECB staff macroeconomic projections for the euro area, March 2022 (europa.eu).

to year and on a cumulated basis. Consequently, as of 1Q22 IFRS-9 macro-economic scenario.

With specific reference to goodwill, as at 31 December 2021 no goodwill is present on the balance sheet therefore there is no risk of impairment.

While evaluations have been made on the basis of assumptions deemed to be reasonable as at 31 December 2021 and as at 31 March 2022, existing uncertainties related to evolution of the (i) pandemic, when lockdown measures and other restrictive measures will be completely lifted and the extent and speed of the economic recovery, and (ii) geopolitical tensions between Russia and Ukraine could further affect the valuation processes.

Therefore, the information and parameters used for the update of the DTA sustainability test and the evaluation of the loan portfolio in term of Expected Credit Loss (**ECL**) could develop in different ways to those envisaged, with possible further negative effects on UniCredit's assets and operations, balance sheet and/or income statement.

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

The macro assumptions underlying the Strategic Plan exclude[6] unexpected materially adverse developments such as the worsening of the COVID-19 pandemic, a situation that UniCredit is monitoring closely.

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

Material adverse effects on the business and profitability of the Group may also result from further developments of the monetary policies and 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 geopolitical uncertainty has also introduced a considerable volatility and uncertainty in the financial markets, potentially impacting on credit spreads/cost of funding and therefore on the values the Group can realize from sales of financial assets.

The outlook of the pandemic normalization path in terms of its timeline and further evolution remains uncertain, as well as the magnitude of the economic impact. The global economic developments can be further impacted by the potential new rounds of restrictions/financial sanctions that might be introduced by some countries across the world, with the risk of further slowing down of the economy.

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,first of all due to the evolution of the conflict between Russia and Ukraine and the related potential implications/spill-over macroeconomic effects; moreover due to: (i) the risk of further increasing inflation; (ii) future developments in the European Central Bank (the **ECB**) and Federal Reserve (**FED**) monetary policies; (iii) the sustainability of the sovereign debt of certain countries and the related, repeated shocks to the financial markets."

- In the subsection "*Risks related to the financial situation of the Issuer and of the Group*", the Risk Factor headed "*Risks connected with the Strategic Plan 2020 – 2023*", on pages 27-29 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

[6] Macro assumptions consider the recent and still existing impacts of COVID with a gradual normalisation over the upcoming years. The scenario does not assume that the current COVID situation will develop in a particularly negative way in the upcoming years.

"*1.1.2 Risks connected with the Strategic Plan 2022 – 2024*

*On 9 December 2021, UniCredit presented to the financial community in Milan the 2022-2024 Strategic Plan called "UniCredit Unlocked" (the **Strategic Plan** or **Plan**) which contains a number of strategic, capital and financial objectives (the **Strategic Objectives**). "UniCredit Unlocked" delivers strategic imperatives and financial ambitions based on six pillars. Such strategic imperatives and financial ambitions regard: (i) the growth in its regions and the development of its client franchise, changing its business model and how its people operate; (ii) the delivery of economies of scale from its footprint of banks, transforming the technology leveraging Digital & Data and embedding sustainability in all that UniCredit does; (iii) driving financial performance via three interconnecting levers. UniCredit's ability to meet the strategic objectives and all forward-looking statements relies on a number of assumptions, expectations, projections and provisional data concerning future events and is subject to a number of uncertainties and other factors, many of which are outside the control of UniCredit. Macro assumptions exclude[7] unexpected materially adverse developments such as the worsening of the COVID-19 pandemic, a situation that UniCredit is monitoring closely. The six pillars are: (i) optimise, through the improvement of operational and capital efficiency; (ii) invest, with targeted growth initiatives, including ESG; (iii) grow net revenues; (iv) return; (v) strengthen thanks to revised CET1 ratio target and decrease of Gross NPE ratio; and (vi) distribute consistently with organic capital generation. 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 objective or meet the strategic objectives may have a material adverse effect on UniCredit's business, financial condition or results of operations.*

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

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

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

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

New business model allows for strong organic capital generation[8] with materially increased and growing shareholder distributions[9], consisting in cash dividends and share buybacks, while maintaining a robust CET1 ratio.

Although the Plan is based primarily through management actions, thanks to its geographical positioning UniCredit: (i) over the three years, assumes a conservative interest rate scenario based on a broadly stable Euribor 3 month rate; (ii) the combination of its countries is expected to deliver GDP

[7] Macro assumptions consider the recent and still existing impacts of COVID with a gradual normalisation over the upcoming years. The scenario does not assume that the current COVID situation will develop in a particularly negative way in the upcoming years.

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

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

growth[10] above the eurozone average over the course of the Plan, helped by its Central and Eastern European positioning.

Macro assumptions exclude[11] unexpected materially adverse developments such as the worsening of the COVID-19 pandemic, a situation that UniCredit is monitoring closely.

The Plan is based on six pillars:

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

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

Moreover, the future financial results could be influenced by the dynamics of the COVID-19 as well as the evolution of the geopolitical tension with Russia, which were not foreseeable at the date of the Strategic Plan presentation, and which are still uncertain.

In particular, Eurozone's GDP expanded by 5.3 per cent. in 2021 Y/Y, with a rebound vs. 2020 significantly impacted by COVID-19 related containment measures. Among the largest eurozone economies, France and Italy experienced greatest growth, respectively +7.0 per cent. and +6.6 per cent. (Germany +2.9 per cent., Austria +4.5 per cent.).

For this reason, UniCredit after having updated the macroeconomic assumptions connected with the determination of LLPs in December 2021 has further updated the macroeconomic assumptions with reference to Russia in light of a drop in GDP higher than those expected under the negative scenario considered in December 2021 in accordance with International Financial Reporting Standards 9 (**IFRS9**).

For the 1Q22, reflecting UniCredit's historically prudent approach on classification and provisioning, the cost of risk excluding Russia is 5 basis points. Cost of risk, excluding Russia, is expected in the 30 to 35 basis points range over the plan period.

Any failure by the Group to implement the revised 2022-2024 Strategic Plan or meet the Strategic Objectives may have a material adverse effect on UniCredit's business, financial condition or results of

[10] Average of yearly changes.

[11] Macro assumptions consider the recent and still existing impacts of COVID with a gradual normalisation over the upcoming years. The scenario does not assume that the current COVID situation will develop in a particularly negative way in the upcoming years.

operations. Assumptions by their nature are inherently subjective and the assumptions underlying the Strategic Objectives could turn out to be inaccurate, in whole or in part, which may mean that UniCredit is not able to fulfil the Strategic Plan. If this were to occur, the actual results may differ significantly from those set forth in the Strategic Objectives, which could have a material adverse effect on UniCredit's business, results of operations, financial condition or capital position.

The Strategic Objectives are also based on certain assumptions which include actions that management should undertake over the course of the new Strategic Plan, including:

- over the three years, UniCredit assumes a conservative interest rate scenario based on a broadly stable Euribor three-month rate;
- the combination of the countries is expected to deliver GDP growth that is above the eurozone average over the course of the Plan. This is helped by UniCredit's Central and Eastern European positioning;
- Central and Eastern Europe loan growth is expected at a multiple of GDP due to the relatively low maturity of the market;
- Recovery and Resilience Fund allocation: the countries have access to approximately 50 per cent. of the overall fund disbursement.

Given that the realization of these initiatives is, as of the date hereof, uncertain, should UniCredit fail to generate the expected benefits of actions taken to support future income, UniCredit may not reach its Strategic Objectives and its results may differ significantly from those set out in the new Strategic Plan which, in turn, could have a material adverse effect on UniCredit’s business, financial condition and results of operations.

Furthermore, should any of the assumptions turn out to be inaccurate and/or the circumstances envisaged not be fulfilled, or fulfilled only in part or in a different way to that assumed, the ability to meet the Strategic Objectives may be negatively impacted. For example, the focus set out in the new Strategic Plan on delivering enhanced capital returns for shareholders through, among other things, share buy-backs and cash dividends, could be reasonably influenced by the dynamics of the COVID-19 pandemic outbreak as well as the evolution of the geopolitical tension with Russia.

Given the inherent uncertainty surrounding any future event, both in terms of the event’s occurrence as well as eventual timing, the differences between the actual values and the Strategic Objectives could be significant.

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

- In the subsection “*Risks related to the financial situation of the Issuer and of the Group*”, the Risk Factor headed “*Credit risk and risk of credit quality deterioration*”, on pages 29-31 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“*1.1.3* *<u>Credit risk and risk of credit quality deterioration</u>*

The activity, financial and capital strength and profitability of the UniCredit Group depend, among other things, on the creditworthiness of its customers. In carrying out its credit activities, the Group is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down thereof. The current environment continues to be characterised by highly uncertain elements, with the possibility that the slowdown of the economy, jointly with the termination of the safeguard measures, such as the customer loans moratorium, generates a worsening of the loan

portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged in the income statement.

*UniCredit's Loan Loss Provisions (**LLPs**), excluding Russia, decreased by 93.2 per cent. Q/Q and 64.6 per cent. Y/Y to Euro 52 million in 1Q22. Therefore, the cost of risk, excluding Russia, decreased by 67 bps Q/Q and 9 bps Y/Y to 5 bps in 1Q22. As at 31 March 2022, Group gross NPE ratio, excluding Russia, was equal to 3.5 per cent., decreasing compared to 31 December 2021 in which the gross NPE ratio was equal to 3.6 per cent.. As at 31 March 2022 Group Net NPE ratio, excluding Russia, substantially stable compared to 31 December 2021 and is equal to 1.6 per cent..*

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

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 2022, Group gross NPEs, excluding Russia, were down by 29.0 per cent. Y/Y and 2.2 per cent. Q/Q to Euro 15.5 billion in 1Q22 (while as at 31 December 2021 they were equal to Euro 15.9 billion) with an improved gross NPE ratio of 3.5 per cent. (-1.4 p.p. Y/Y, -0.1 p.p. Q/Q), while as at 31 December 2021 the gross NPE ratio was equal to 3.6 per cent.

As at 31 March 2022, Group Net NPEs, excluding Russia, stood at Euro 7.1 billion decreased compared to 31 December 2021 which attested at Euro 7.4 billion (Group Net NPE ratio, excluding Russia, substantially stable compared to 31 December 2021 and is equal to 1.6 per cent.).

As at 31 March 2022, the Group gross NPEs increased to Euro 16.8 billion (+3.2 p.p. Q/Q, -25.1 p.p. Y/Y) while as at 31 December 2021 they were equal to Euro 16.3 billion, while Group Net NPEs were increased to Euro 7.9 billion.

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

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

In the last years, also in accordance with the EBA Guidelines of 31 October 2018 on management of non-performing and 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 61 billion, moving from Euro 77.8 billion of 2015 to Euro 16.8 billion of 1Q22 (Euro 16.3 billion of 2021). This amount includes the loans disposed of through Project Fino in July 2017 and IFRS 5 positions if any.

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

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

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, which clarified that it is unlikely that the contractual changes resulting from these moratoria can be considered as substantial, the Group has not derecognised credit exposures that were subject to such moratoria.

UniCredit's Loan Loss Provisions (**LLPs**), excluding Russia, decreased by 93.2 per cent. Q/Q and 64.6 per cent. Y/Y to Euro 52 million in 1Q22. Therefore, the cost of risk, excluding Russia, decreased by 67 bps Q/Q and 9 bps Y/Y to 5 bps in 1Q22.

UniCredit's LLPs in 1Q22 amounted to Euro 1.3 billion almost entirely against Russia. Therefore, the CoR in 1Q22 was equal to 116 bps. With specific reference to Russian credit exposures (i.e. both cross - border and originated by Russian consolidated subsidiaries), in addition to the already mentioned update of the IFRS-9 macro-economic scenario the adverse change in the economic environment, as above outlined, has been deemed evidence of a significant increase in credit risk triggering: (i) their classification in Stage 2; (ii) an update of the Russian sovereign rating so to embed - in the measurement process - the worsening of Russia credit worthiness, triggered by the severity of Western countries' sanctions, Russian authorities' responses and the economic effects of the war itself. Such approach led to a consequent increase in LLP.

Furthermore, an overlay (basically tiering the effect resulting from an UTP classification) has been recognized on cross-border loans exposures toward Russian counterparties in order to reflect the

differentiation in asset valuation between on-shore and off-shore investors, in light of sanctions imposed to Russia, with off-shore investors being penalized vs on-shore ones in their ability to recover their claims against investments in Russia. Indeed, such circumstance stemmed from several occurrences, e.g., among them: (i) certain Russian counterparties entered in technical default as a result of sanctions imposed against Russia (which impeded them to repay their debt toward foreign counterparty in accordance with the original terms of the contract subscribed); (ii) several multinational corporations decided to exit from the Russian market and, among them, certain financial group disposed their activities in Russia or announced their intention to do so with a zeroed investment value recovered.

While these events materialized also after 31 March 2022, they stemmed from events (the Russia – Ukraine conflict and sanctions) which started before 31 March 2022.

As a result, such events were deemed to be "adjusting events" for the purposes of preparation of the Consolidated Results of UniCredit Group as at 31 March 2022.

It is finally worth mentioning that the overall impact of the actions presented here above led to a coverage ratio so to better reflect the different risk profile of domestic and cross border exposures, where only the latter are directly impacted by the sanctions, impairing the willingness and technical abilities of Russian counterparties to honor the terms and conditions of their obligations to foreign debt holders.

Moreover, in order to cope with the extraordinary contingency of COVID-19 and the peculiar dynamic of default risk observed in the course of 2021 as a consequence of supporting measures and the potential emerging of a cliff-effect in 2022 when the measures will expire, an upward corrective factor has been applied on both the 2021 default rate and the 2022 forecast underlying the updated calibration of IFRS models for the 31 December 2021 figures and likely postponement of part of default risk in 2022.

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 adopted by the Group's banks themselves, will expire. The Group delivered underlying net profit of Euro 3,900 million for FY21, increased compared to the underlying net profit of Euro 1,264 million delivered for FY20.

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2021 and the consolidated interim report as at 31 March 2022 – Press Release."

- In the subsection "*Risks related to the financial situation of the Issuer and of the Group*", the Risk Factor headed "*Risks associated with the Group's exposure to sovereign debt*", on pages 31-32 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 2022, the Group's sovereign exposures in debt amounts to Euro 109,575 million (as at 31 December 2021 it amounted to Euro 114,690 million), of which over 82 per cent. concentrated in eight countries. In particular, the Group's exposure to Italian sovereign debt in debt securities amounts to Euro 39,516 million (at 31 December 2021 it amounted to Euro 43,121 million) and represents, respectively, over 36 per cent. of the Group's total sovereign exposure represented by debt securities (about 38 per cent. at 31 December 2021) and over 4 per cent. of the Group total assets (about 5 per cent. at 31 December 2021). 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 2022 amounted to Euro 109,575 million (as at 31 December 2021 it amounted to Euro 114,690 million), of which over the 82 per cent was concentrated in eight countries, including: Italy with Euro 39,516 million (at 31 December 2021 it amounted to Euro 43,121 million), representing over 36 per cent of the total (about 38 per cent at 31 December 2021) and over 4 per cent of the Group total assets (about 5 per cent at 31 December 2021); Spain with Euro 16,764 million; Japan with Euro 10,745 million; Germany with Euro 9,016 million; Austria with Euro 4,284 million; United States of America with Euro 4,274 million; France with Euro 3,102 million and Romania with Euro 2,606 million.

As at 31 March 2022, the remaining 18 per cent of the total sovereign exposures in debt securities, equal to Euro 19,268 million as recorded at the book value, was divided between 37 countries, including: Bulgaria (Euro 2,044 million), Czech Republic (Euro 2,030 million), Croatia (Euro 1,844 million), Hungary (Euro 1,626 million), Portugal (Euro 1,601 million), Israel (Euro 1,186 million), Ireland (Euro 1,029 million), Serbia (Euro 944 million), Poland (Euro 935 million), Russia (Euro 794 million) and China (Euro 789 million).

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

With particular reference to the book value of the sovereign debt securities exposure to Russia it should be noted that Euro 793 million are held by the Russian controlled bank and classified in the banking book.

Note that the aforementioned remainder of the sovereign exposures held as at 31 March 2022 also included debt securities relating to supranational organisations, such as the European Union, the European Financial Stability Facility and the European Stability Mechanism, worth Euro 2,596 million (as at 31 December 2021 it amounted to Euro 2,680 million).

In addition to the Group's sovereign exposure in debt securities, there were also loans issued to central and local governments and government bodies, amounting to Euro 25,383 million as at 31 March 2022 (as at 31 December 2021 it amounted to Euro 31,068 million)."

- In the subsection "*Risks related to the financial situation of the Issuer and of the Group*", the Risk Factor headed "*Risks relating to deferred taxes*", on pages 32-33 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 2021, Deferred Tax Assets (**DTAs**) amounted in aggregate to Euro 11,598 million, of which Euro 6,239 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (**Law 214/2011**). As of 31 December 2020, DTAs totally amounted to Euro 11,361 million, of which Euro 7,491 million was available for conversion to tax credits pursuant to Law 214/2011.*

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.

The Law Decree No.73 of 25 May 2021 (LD 73/2021) extended to 2021 the incentives, introduced in 2020, for Non-Performing Exposures (NPE) disposals provided by Art.44-bis Law Decree No.34/2019. Therefore, also for 2021 the NPE disposals to companies not belonging to UniCredit Group completed by 31 December 2021 allowed the transformation in Tax Credits (**TC**) of Deferred Tax Assets (**DTAs**) deriving from (i) tax losses and (ii) ACE (so-called *Aiuto alla Crescita Economica*) surpluses, under the same conditions applied to the benefit in 2020. As of 31 December 2021, Euro 110 million of DTAs were recognised into tax credits, with a correspondent positive impact on the income statement.

DTA's and liabilities are recognized in the consolidated financial statements according to accounting principle IAS 12. As of 31 December 2021, DTAs amounted in aggregate to Euro 11,598 million, of which Euro 6,239 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (**Law 214/2011**). As of 31 December 2020, DTAs totally amounted to Euro 11,361 million, of which Euro 7,491 million available for conversion to tax credits pursuant to Law 214/2011. Under Law 214/2011, DTAs related to loan impairments and loan losses, or to goodwill and certain other intangible assets, may be converted into tax credits if the company has a full-year loss in its non-consolidated accounts relating to convertible DTAs (to which such convertible DTAs relate) (**Convertible DTAs**). Under the conversion into tax credits, Convertible DTAs recognized in the accounts of the company with the non-consolidated full-year loss, and a proportion of the deferred tax credits are converted in accordance with a ratio between the amount of the full-year loss and the company's shareholders' equity.

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

As at 31 December 2021, 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 3,097 million (net of related deferred tax liabilities), and to tax losses carried forward (**TLCF**) for Euro 2,262 million (of which Euro 2,067 million DTAs on TLCF and Euro 195 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 2,002 million, to UniCredit Bank Austria AG for Euro 185 million, and to UniCredit Bank AG for Euro 17 million.

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

At Group level total not recognized DTAs TLCF are equal to Euro 2,702 million mainly referred to UniCredit S.p.A. for Euro 2,072 million, to Sub-groups UniCredit Bank AG for Euro 331 million and UniCredit Bank Austria AG for Euro 270 million.

If, for whatever reason, significant changes in the current tax legislation may occur, not foreseeable at present, such as the rate change, or the updating of the income statement estimates with the latest

available official projections should lead to lower taxable future income than those estimated in the sustainability test, and therefore not sufficient to guarantee the reabsorption of the DTAs in question, negative and even significant effects on the activities and on the economic, equity and/or financial situation of the Issuer and/or the Group could occur."

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Liquidity risk*", on pages 33-35 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 177 per cent. in March 2022, whereas at 31 December 2021 was equal to 182 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 2022 was above the internal limit set at 102 per cent. as at 31 December 2021, 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) an unusual withdrawal of sight deposits by UniCredit's retail and corporate customers; iii) the decline in the market value of the securities in which UniCredit invests its liquidity buffer; and iv) the capacity to roll over the expiring wholesale funding and the potential cash or collateral outflows the Group may suffer in case of rating downgrades of both the banks or the sovereign debt in the geographies in which it operates. In addition to this, some risks may arise from the limitations applied to the cross-border lending among banks. Due to the financial market crisis, followed also by the reduced liquidity available to operators in the sector, the ECB has implemented important interventions in monetary policy, such as the "Targeted Longer-Term Refinancing Operation" (**TLTRO**) introduced in 2014 and the TLTRO II introduced in 2016.*

It is not possible to predict the 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 Liquidity Coverage Ratio (**LCR**), which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by UniCredit) and the net cash imbalance accumulated over a 30-day stress period; the indicator is subject to a minimum regulatory requirement of 100 per cent.; and

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

As of March 2022, the LCR of the Group was equal to 177 per cent., whereas at 31 December 2021 was equal to 182 per cent. (calculated as the average of the 12 latest end of month ratios). As of March 2022, the NSFR was above the internal limit of 102 per cent., as at 31 December 2021, set in the risk appetite framework.

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

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

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

The slowdown in economic activity caused by lockdowns across Europe and the measures the Governments have taken to face the effects of the 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 possibility that new lockdown measures might be taken 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 31 March 2022, the total debt of the UniCredit Group with the ECB through TLTRO III was Euro 106.8 billion, with a timetable of maturities scheduled for June 2023 and March 2024. In relation to the second one, in March 2022, the Bank decided to set the repayment date to the original maturity of March 2024. As of 31 March 2022, UniCredit Group had other minor refinancing operation in place other than TLTRO III in the subsidiaries in Eastern Europe.

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

TLTRO III

Effect from	Maturity	Amounts (Euro -billion)

24 June 2020	28 June 2023	94.2
24 March 2021	27 March 2024	12.6
Total		**106.8**”

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Risks related to the property market trends*”, on pages 35-36 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 the COVID-19 pandemic, may cause the UniCredit Group to have to recognize reduction in the value of the property owned where book value is higher than market value, with possible material adverse effects on UniCredit’s business, capital and results of operations.

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 UniCredit’s 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 2021 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 138 million gross of tax: (i) for real estate assets used in business, the recognition of an increase in the specific valuation reserve for an amount of Euro 157 million gross of tax effect. In addition to this increase, net losses for Euro 35 million were recognized in the income statement gross of the tax effect; and (ii) for real estate assets held for investment, the recognition of an income statement result equal to Euro 16 million gross of the tax effect.

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 2021 and their corresponding market value overall equal to Euro 5,955 million, it 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.

The measurement of inventories of property, plant and equipment, to the lower between cost and net realizable value, has determined the recognition of a net write-down for Euro 16 million.

For further information, please see the consolidated financial statements of UniCredit as at 31 December 2021, *Part B – Consolidated balance sheet – Assets – Section 9 – Property, plant and equipment – Item 90*.

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

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Risks connected with the UniCredit Group's activities in different geographical areas*", on pages 36-37 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

The 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 46 per cent. of the UniCredit Group's total revenue during 2021 and is the Group's primary market. The UniCredit Group operates and has a significant presence also in in Germany (which accounted for 25 per cent. of UniCredit's total revenues in 2021), as well as in Central Europe (17 per cent. including Austria, Czech Republic, Hungary and Slovenia) and in Eastern Europe countries (Russia, Croatia, Bulgaria, Romania, Bosnia and Serbia representing 13 per cent. of UniCredit's total revenues in 2021). A deterioration in the macroeconomic conditions in Western Europe, also considering the potential impact of the ongoing conflict between Russia and Ukraine, an increase in the volatility of their capital markets, a significant increase in the cost of funding, the end of the current period of ready availability of liquidity in the respective markets or an increase in political instability could create a difficult operating environment and have a negative impact on UniCredit's profitability, as well as UniCredit's 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 the macroeconomic environment considering the recent geopolitical developments, energy crisis, and inflation increase.

The UniCredit Group operates and has a significant presence also in in Germany (which accounted for 25 per cent. of UniCredit's total revenues in 2021), as well as in Central Europe (17 per cent. including Austria, Czech Republic, Hungary and Slovenia) and in Eastern Europe countries (Russia, Croatia, Bulgaria, Romania, Bosnia and Serbia, representing 13 per cent. of UniCredit's total revenues in 2021). The risks and uncertainties to which UniCredit is exposed are of a different nature and magnitude depending on the country, and whether or not the country belongs to the European Union, which is one of the main factors taken into consideration when evaluating these risks and uncertainties.

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

CE & EE countries have also historically featured volatile capital and foreign exchange markets, as well as a certain degree of political, economic and financial instability (which for certain countries might increase due to spillover effects of the Russia-Ukraine conflict). In some cases, CE & EE countries have a less developed political, financial and legal system, when compared to Western European countries. In countries where there is greater political instability, there is the risk of political or economic events affecting the transferability and/or limiting the operations of one or more of the UniCredit Group

companies, as well as the risk that local governments could implement nationalization policies or introduce similar restrictions or other measures, which could directly affect Group companies and/or which could have negative consequences on UniCredit's assets and operations, balance sheet and/or income statement.

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

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Market risks*", on pages 37-38 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 2021 RWA (Risk-Weighted Assets) for Market Risk (excluding credit valuation adjustments - CVA Risk) amounted to Euro 6.58 billion out of a total of Euro 322 billion of Total Group RWA. Total Market Risk RWA (excluding CVA Risk) are split between the part calculated under the internal model (Euro 5.68 billion) and the standardised approach (Euro 0.84 billion) and settlement risk (Euro 0.06 billion). In addition, starting from December 2019 an additional capital requirement has been added, amounting to 336.74 million as of 31 December 2021.

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.

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

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

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

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

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

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

As at 31 December 2021 RWA (Risk-Weighted Assets) for Market Risk (excluding credit valuation adjustments, CVA Risk) amounted to Euro 6.58 billion out of a total of Euro 322 billion of Total Group RWA. Total Market Risk RWA (excluding CVA Risk) are split between the part calculated under the internal model (Euro 5.68 billion) and the standardised approach (Euro 0.84 billion) and settlement risk (Euro 0.06 billion). In addition, starting from December 2019 an additional capital requirement has been added, amounting to Euro 336.74 million as of 31 December 2021."

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Interest rate fluctuation and exchange rate risk* ", on page 38 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.2.5 Interest rate fluctuation and exchange rate risk

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

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

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 2021, Part E – Information on risks and hedging policies, incorporated by reference herein."

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Operational risk*", on pages 38-40 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.

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

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

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: the outcome of these checks did not highlight any significant criticality. 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 behaviors.

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

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

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

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

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

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

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

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

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

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Risks connected with legal proceedings*", on pages 40-41 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.2.7 <u>Risks connected with legal proceedings</u>

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

As at the date of this Base Prospectus, UniCredit S.p.A. and other UniCredit Group companies are named as defendants in several legal proceedings. In particular, as at 31 December 2021, UniCredit and other UniCredit Group companies were named as defendants in about 55,900 legal proceedings of which approximately 8,500 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 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 2021, the UniCredit Group set aside a provision for risks and charges of Euro 688.4 million, of which Euro 428.1 million for the parent company UniCredit S.p.A. As of 31 December 2021, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 9.8 billion, of which approximately Euro 6.4 billion for the proceedings involving the parent company UniCredit S.p.A.. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

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.

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.

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 of 31 December 2021, the total amount of provisions amounted to Euro 182.45 million, of which Euro 2.92 million for legal expenses.

As far as the tax inspections and tax disputes are concerned, in relation to 31 December 2021, 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 41-45 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 as amended by Directive (EU) 2019/879, the "BRRD II" (implemented in Italy by Legislative Decree No. 193 of 8 November, 2021) 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/Minimum Requirement for Own Funds and Eligible Liabilities (**MREL**) requirements for credit institutions, recovery and resolution mechanisms.*

Should UniCredit not be able to meet the capital/MREL 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.

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.

The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) and the Regulation 2013/575/EU (the **CRR**, together with the CRD IV Directive, the **CRD IV Package**) subsequently updated in the Regulation No. 876/2019 and Directive (EU) No.

2019/878 (the **Banking Reform Package** with CRR II and CRD V). In addition to the capital requirements under CRD IV, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities (the **Minimum Requirement for Own Funds and Eligible Liabilities, MREL**). The Issuer has to meet MREL requirements on a consolidated basis, as well as the total loss absorbing capacity requirement for globally systemically important institutions (TLAC), as established by the CRRII. The MREL and TLAC requirements involve similar risks. They constrain the structure of liabilities and require the use of subordinated debt, which have an impact on cost and potentially on the Issuer's financing capacity.

From 1 January 2022, the Issuer shall comply, on a consolidated basis, with an intermediate MREL equal to the 20.73 per cent. of Risk Weighted Assets (**RWA**), plus the applicable Combined Buffer Requirement (**CBR**) and 5.90 per cent. of leverage ratio exposures (**LRE**). Similarly, the Issuer has to comply with a subordinated MREL, i.e. to be met with subordinated instruments, equal to 11.79 per cent. RWA – plus the applicable CBR – and 5.68 per cent. LRE. From 1 January 2024, the consolidated MREL will become "fully loaded" and will be equal to 21.83 per cent. of RWA – plus the applicable CBR – and 5.90[12] per cent. of LRE. The fully loaded MREL subordinated component will be equal to 15.53 per cent. of RWA plus applicable CBR and 5.77[6] per cent. of LRE. Moreover, the Issuer shall comply with a TLAC requirement from 1 January 2022 equal to the maximum between 18 per cent. of RWA – plus the applicable CBR – and 6.75 per cent. of Total Exposure Measure. For more information on the capital adequacy legislation applicable to the Issuer, please see Section headed "*Information about the Issuer*", paragraph 1.1.4 (*The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer*) of this Base Prospectus.

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

Capital Adequacy requirements

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

In February 2022, UniCredit has been informed by the ECB of its final decision concerning capital requirements following the results of its annual SREP. With its decision the Single Supervisor left unchanged, compared to the SREP decision of 2019[13], the Pillar 2 capital requirement at 175 basis

[12] LRE requirement defined and communicated by SRB in line with "SRB approach to CRR discretion on leverage and MREL calibration" published on 22 December 2021 and 7 March 2022.

[13] In light of the COVID-19 situation, in 2020 the ECB did not issue a formal SREP decision: on 12 May 2020, ECB Banking Supervision announced it had adjusted its SREP approach for 2020 in light of the COVID-19 pandemic. The 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 the 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 or 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.

points (to be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum), applicable from 1 March 2022. As a consequence, UniCredit has been required to meet the following overall capital requirements on a consolidated basis from 1 March 2022[14] (unchanged with respect to the ones applicable as of 31 December 2021):

- Common Equity Tier 1 ratio: 9.03 per cent.;
- Tier 1 ratio: 10.86 per cent.; and
- Total Capital ratio: 13.30 per cent.

Furthermore, the SREP 2021 letter includes qualitative measures regarding the management of non-performing loans. 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 2022 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 2022, and based on data as at 30 June 2022, with information on the status of implementation of the strategic and operational plan for the management of NPEs; and

iii. provide the ECB, by 28 February 2023, and based on data as at 31 December 2022, with information on the status of implementation of the strategic and operational plan for the management of NPEs.

The Pillar 2 requirement (**P2R**) shall be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum. UniCredit is allowed to partially use Additional Tier 1 or Tier 2 instruments in order to comply with the Pillar 2 Requirements (**P2R**) instead of Common Equity Tier 1 (**CET1**) capital, in line with the latest revision of the Capital Requirements Directive (**CRD V**).

As of 31 March 2022, the consolidated CET1 Capital, Tier 1 and Total Capital Transitional ratios were equal to, respectively, 14.62 per cent., 16.47 per cent. and 18.99 per cent. Therefore, CET1 Transitional ratio was exceeding the relevant requirement by 559 bps (so called MDA buffer).

From 30 June 2020 the Group has adopted the so-called transitional phase-in regarding the application of the IFRS9 accounting principle. As of 31 March 2022, the CET1 ratio Fully Loaded, i.e. calculated without considering the benefit arising from IFRS 9 Transitional arrangements, was equal to 14.00 per cent. exceeding by 497 bps CET1 ratio requirements.

As of 31 March 2022, the Transitional Leverage Ratio was 5.19 per cent.

UniCredit is participating in the 2022 stress test conducted by the ECB on "Climate Risk", launched on 27 January 2022. Such test is a learning exercise for banks and supervisors alike; aiming to identify vulnerabilities, best practices and challenges banks face when managing climate-related risk. Importantly, this is not a pass or fail exercise, nor does it have direct implications for banks' capital levels. The outcome will feed into the Supervisory Review and Evaluation Process (**SREP**) from a qualitative point of view: this means that this stress test could indirectly impact Pillar 2 requirements through the SREP scores but will not directly impact capital through Pillar 2 guidance (P2G). No

After adjusting its SREP approach for 2020, the ECB Banking Supervision returned to its regular SREP methodology for 2021.
[14] Assuming the Countercyclical Capital Buffer equal to the March 2021 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.

individual results will be published by the ECB; instead, only aggregate results will be published and are expected in July 2022.

UniCredit was also subject to the 2021 EU-wide stress test conducted by the European Banking Authority (**EBA**), in cooperation with the Single Supervisory Mechanism (**SSM**), the European Central Bank (**ECB**) and the European Systemic Risk Board (**ESRB**). The 2021 EU-wide stress test did not contain a pass/fail threshold as it is instead designed to be used as an important source of information for the purposes of the SREP. The results assist Competent Authorities in assessing UniCredit's ability to meet applicable prudential requirements under stressed scenarios. The results for the single banks were published on 30 July 2021 and the outcome has been considered in the SREP 2021. UniCredit's results are summarized below:

- Baseline scenario:
  - o 2023 fully loaded CET1 ratio at 15.66 per cent. corresponding to 52 bps higher than fully loaded CET1 ratio as of December 2020; and
  - o 2023 transitional CET1 ratio at 15.80 per cent. corresponding to 16 bps lower than transitional CET1 ratio as of December 2020
- Adverse scenario:
  - o 2023 fully loaded CET1 ratio at 9.22 per cent. corresponding to 592 bps lower than fully loaded CET1r as of December 2020; and
  - o 2023 transitional CET1 ratio at 9.59 per cent., corresponding to 637 bps lower than transitional CET1 ratio as of December 2020.

Furthermore, during the fourth quarter of 2021, EBA performed the annual EU-wide transparency exercise to provide updated information as of September 2020, December 2020, March 2021 and June 2021 on banks' exposures and asset quality to financial operators; EBA published the results on 3 December 2021.

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

As part of the activities envisaged in this announcement, the Shareholders Meeting called on 8 April 2022, for the financial year ended on 31 December 2021, substantially in line with “UniCredit Unlocked”, has approved a distribution of approximately Euro 3.75 billion, composed of:

- a cash dividend Euro 0.5380 for each share outstanding and entitled to dividend at payment date, for a maximum amount of Euro 1.170 billion from the allocation of profit for the year 2021, corresponding to approximately 30 per cent. of the so-called “underlying consolidated net profit” (i.e. Net Profit adjusted for non-operating items); and
- purchases of UniCredit ordinary shares corresponding to a maximum total expenditure up to ca. Euro 2.580 billion and, in any case, not exceeding no. 215 million of UniCredit ordinary shares equal to 9.87 per cent. of the share capital of UniCredit at 9 March 2022, to be carried out, in one or more transactions, within the earliest of: (i) the date which will fall after 18 (eighteen) months from the date of the authorisation of the Shareholders’ Meeting; and (ii) the date of the shareholders’ meeting which will be called to approve the financial statements for the year ending on 31 December 2022, respectively pursuant to Article 2357 of the Italian Civil

Code and Article 132 of Legislative Decree 58/1998 (**Italian Consolidated Financial Act**) and the relevant implementing regulations, and Article 2357-ter of the Italian Civil Code. The ordinary shares thus purchased will be subsequently subject to cancellation.

Without prejudice to the above, UniCredit has specified that any purchase made under the Shareholders Meeting authorisation will be made in compliance with the purposes set out in the laws and regulations in force and applicable from time to time and with any indications given by the relevant Supervisory Authorities. The execution of the share buy-back programme will also be assessed taking a prudent and sustainable approach to distributions. In particular, the abovementioned execution will be subject to UniCredit's CET1 ratio proforma 2021 remaining above 13.0 per cent.; it is hereby therefore specified that the share buy-back programme that is the subject of this request for authorisation may not be executed or may be only partially executed. In this respect, the first tranche of the share buy-back, for an amount of Euro 1.6 billion, has received supervisory approval and it has been already commenced. The remaining amount of Euro 1 billion of share buy-back is subject to Russia performance and Supervisory approval."

- In the subsection "*Risks connected with the legal and regulatory framework*", the Risk Factor headed "*Evolution of banking prudential regulation*", on pages 45-46 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.3.2. <u>Evolution of banking prudential regulation</u>

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

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

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

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

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

- In the subsection "*Risks connected with the legal and regulatory framework*", the Risk Factor headed "*Risks connected with ordinary and extraordinary contributions to funds established under the scope of the banking crisis rules*", on page 46 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 2021, 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 46-47 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

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

In 2021 the following standards, amendments or interpretations came into force:

- Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 Interest Rate Benchmark Reform - Phase 2 (EU Regulation 2021/25);
- Amendments to IFRS4 Insurance Contracts - deferral of IFRS9 (EU Regulation 2020/2097); and

- Amendments to IFRS16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (EU Regulation 2021/1421);

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

As at 31 December 2021, the following documents have been endorsed by the European Commission:

- Amendments to IFRS3 Business Combinations; IAS16 Property, Plant and Equipment; IAS37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020" (EU Regulation 2021/1080) applicable to reporting starting from 1 January 2022; and

- IFRS17 Insurance Contracts; including Amendments to IFRS17 (EU Regulation 2021/2036) applicable to reporting starting from 1 January 2023.

As at 31 December 2021 the IASB issued the following accounting standards whose application is subject to completion of the endorsement process by the competent bodies of the European Commission, which is still ongoing:

- Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (January 2020 and July 2020 respectively);

- Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (February 2021);

- Amendments to IAS8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (February 2021);

- Amendments to IAS12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (May 2021); and

- Amendments to IFRS17 Insurance contracts: Initial Application of IFRS17 and IFRS9 - Comparative Information (December 2021).

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

- 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 or may be the subject to the burden sharing requirements of the EU State aid framework and the BRRD*", on pages 51-52 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.3.2 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

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 30 November 2021, Legislative Decree No. 193 of 8 November 2021 (the **193 Decree**) implementing the BRRD II was published in the *Gazzetta Ufficiale* and entered into force on 1 December 2021. The 193 Decree introduces point c-*ter*) under Article 91 paragraph 1-*bis*) of the Italian Banking Act transposing Article 48(7) of the BRRD II. The amended Article 91 of the Italian Banking Act provides for the following ranking:

- subordinated instruments which do not qualify (and no part thereof is recognized) as own funds items (*elementi di fondi propri*) shall rank senior to own funds items (including any instruments only partly recognized as own funds items (*elementi di fondi propri*)) and junior to senior non-preferred instruments (*strumenti di debito chirografario di secondo livello*);

- if instruments which qualified in whole or in part as own funds items (*elementi di fondi propri*) cease, in their entirety, to be classified as such, they will rank senior to own fund items (*elementi di fondi propri*) but junior to senior non-preferred instruments.

The provisions also apply to instruments issued before the 193 Decree came into effect (1 December 2021).

In light of the above, if Subordinated Notes of the Issuer (which qualify or qualified at any time either in whole or in part as Own Funds items) were to be disqualified entirely as Own Funds items in the future, their ranking would improve compared to Subordinated Notes which at the relevant time qualify as Own Funds items (in whole or in part) and would rank pari passu with Additional Tier 1 Notes and Subordinated Notes which at the relevant time are not qualified in whole or in part as Own Funds item. In the event of a liquidation or bankruptcy of the Issuer, the Issuer would, inter alia, be required to pay subordinated creditors of the Issuer whose claims rank in priority to the Subordinated Notes, including those whose claims arise from liabilities that no longer fully or partially are recognized as an own funds

instrument in full before it can make any payments on the Subordinated Notes which, at the relevant time, qualify as Own Funds items (in whole or in part). Furthermore, if Subordinated Notes are fully disqualified as Own Funds items, such Notes would not be subject to a write-down or conversion into common shares at the point of non-viability even though they would continue to be subject to bail-in, and, in the event the Issuer were to receive extraordinary financial support in accordance with the EU state aid framework and the BRRD, may be subject to the burden sharing requirements of such legislation."

- 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, or may be subject to the burden sharing requirements of the EU State aid framework and the BRRD*", on pages 55-56 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 30 November 2021, the 193 Decree implementing the BBRD II was published in the *Gazzetta Ufficiale* and entered into force on 1 December 2021. The 193 Decree introduces point c-*ter*) under Article 91 paragraph 1-*bis*) of the Italian Banking Act transposing Article 48(7) of the BRRD II. The amended Article 91 of the Italian Banking Act provides for the following ranking:

- subordinated instruments which do not qualify (and no part thereof is recognized) as own funds items (*elementi di fondi propri*) shall rank senior to own funds items (including any instruments only partly recognized as own funds items (*elementi di fondi propri*)) and junior to senior non-preferred instruments (*strumenti di debito chirografario di secondo livello*);

- if instruments which qualified in whole or in part as own funds items (*elementi di fondi propri*) cease, in their entirety, to be classified as such, they will rank senior to own fund items (*elementi di fondi propri*) but junior to senior non-preferred instruments.

The provisions also apply to instruments issued before the 193 Decree came into effect (1 December 2021).

In light of the above, if Additional Tier 1 Notes of the Issuer (which qualify or qualified at any time either in whole or in part as Own Funds items) were to be disqualified entirely as Own Funds items in the future, their ranking would improve compared to Additional Tier 1 Notes and Subordinated Notes which at the relevant time qualify as Own Funds items (in whole or in part) and would rank *pari passu* with Additional Tier 1 Notes and Subordinated Notes which at the relevant time are not qualified in whole or in part as Own Funds item. In the event of a liquidation or bankruptcy of the Issuer, the Issuer would, inter alia, be required to pay subordinated creditors of the Issuer whose claims rank in priority to the Additional Tier 1 Notes, including those whose claims arise from liabilities that no longer fully or partially are recognized as an own funds instrument in full before it can make any payments on the Additional Tier 1 Notes which, at the relevant time qualify as Own Funds items (in whole or in part). Furthermore, if Additional Tier 1 Notes are fully disqualified as Own Funds items, such Notes would not be subject to a write-down or conversion into common shares at the point of non-viability even though they would continue to be subject to bail-in, and, in the event the Issuer were to receive extraordinary financial support in accordance with the EU state aid framework and the BRRD, may be subject to the burden sharing requirements of such legislation.

In case the Additional Tier 1 Notes were to be disqualified as Additional Tier 1 Capital Notes, but were to qualify (in whole or in part) as Tier 2 Capital, their ranking would improve *vis-à-vis* the rest of the

Additional Tier 1 Notes and they would rank *pari passu* with any instruments which qualify as Tier 2 Capital (save to the extent any such instrument rank, or are expressed to rank, senior or junior to the relevant disqualified Additional Tier 1 Notes), but junior to any instrument – previously recognised as own funds item – that is fully disqualified as own funds. See further Condition 5 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes."

- In the subsection "*Risks relating to Additional Tier 1 Notes*", the Risk Factor headed "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes*", on page 58 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

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

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

The Issuer had approximately Euro 15.34 billion of Distributable Items as at 31 December 2021, of which approximately Euro 5.45 billion were represented by the distributable portion of the Share Premium Reserve (see also Section 12 Part B – Balance sheet - Liabilities, reported in the Notes to the Accounts of the 2021 UniCredit Annual Report and Accounts).

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

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

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

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

whether or when the Issuer will cancel such interest payments", on pages 58-62 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"*1.4.6 If the Issuer breaches the combined buffer requirement or the Leverage Ratio buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*

Under Article 141 (Restrictions on distributions) of the CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement (as described below) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to Common Equity Tier 1 and Additional Tier 1 instruments and variable remuneration to staff). In addition, the Banking Reform Package includes a new Article 141b in the CRD IV Directive which introduces restrictions on distributions in the case of failure to meet the Leverage Ratio buffer requirement (i.e. G-SIB buffer), thus introducing a new Leverage Ratio Maximum Distributable Amount (**L-MDA**).

The BRRD II also introduces in the BRRD a new Article 16a that clarifies the stacking order between the combined buffer requirement and the MREL requirements (including the TLAC requirement). Pursuant to this new provision the resolution authority shall have the power to prohibit an entity from distributing more than the Maximum Distributable Amount for the Minimum Requirement for Own Funds and Eligible Liabilities (**MREL**) (calculated in accordance with Article 16a(4) of the BRRD, the **M-MDA**) where the combined buffer requirement is not met when considered in addition to the MREL requirement. Article 16a, envisages a potential nine month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision, before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

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

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

Under CRD IV, the Issuer is required to hold a minimum amount of regulatory capital equal to 8 per cent. of risk weighted assets (the **Pillar 1 Requirement**). In addition to these so called "Own Funds" requirements under CRD IV, supervisory authorities may add extra capital requirements to cover risks they believe are not covered, or are insufficiently covered, by the minimum capital requirements under

CRD IV (**Pillar 2 Requirement**). See also "*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme – Risks connected to Bank Capital Adequacy*" above.

The 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 18 March 2022, competent authorities may, on the basis of the vulnerabilities and deficiencies identified in the SREP assessment, among other things, restrict or prohibit distributions or interest payments by a credit institution to members or holders of its Additional Tier 1 Capital instruments, as provided by Article 104 (1 (i)) of the CRD IV. Accordingly, the additional Pillar 2 Requirement that may be imposed on the Issuer and/or the UniCredit Group by the ECB pursuant to the SREP 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 had been gradually phased out. Once fixed the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 80 per cent. in 2014, with this cap decreasing by 10 per cent. in each subsequent year until 2021. 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 Bank of Italy has decided to keep the CCyB at zero per cent. for the second quarter of 2022. However, on 10 February 2022, the ECB announced its intention to not allow banks to operate below the level of capital defined by the Pillar 2 Guidance beyond December 2022.

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 2021	**As at 31 March 2022**
Pillar 1 CET1	4.50%	4.50%
Pillar 2 CET1 requirement	0.98%	0.98%
Combined capital buffer requirement	3.55%[1]	3.55%[1]
OCR level	**9.03%**	**9.03%**

[1] Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021, and 0.05 per cent. as at 31 March 2022 to be calculated on a quarterly basis.

Required Minimum Tier 1 ratio		
	As at 31 December 2021	**As at 31 March 2022**
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1[1]	1.50%	1.50%
Pillar 2 Tier 1 requirement	1.31%	1.31%
Combined capital buffer requirement	3.55%[2]	3.55%[2]
OCR level	**10.86%**	**10.86%**

[1] May be comprised of Additional Tier 1 or CET1.
[2] Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021, and 0.05 per cent. as at 31 March 2022 to be calculated on a quarterly basis.

Required Minimum Total Capital ratio		
	As at 31 December 2021	**As at 31 March 2022**
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1[1]	1.50%	1.50%

Pillar 1 Tier 2[2]	2.00%	2.00%
Pillar 2 Total Capital requirement	1.75%	1.75%
Combined capital buffer requirement	3.55%[3]	3.55%[3]
OCR level	**13.30%**	**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 0.05 per cent. of countercyclical capital buffer as at 31 December 2021, and 0.05 per cent. as at 31 March 2022 to be calculated on a quarterly basis.

As at 31 December 2021, 31 December 2020 and 31 March 2022, the consolidated capital ratios (CET1 Capital, Tier 1 and Total Capital ratios), are set out in the table below:

Capital ratios	**31 December 2021**	**31 December 2020**	**31 March 2022**
CET1 Capital ratio	15.82%	15.96%	14.62%
Tier 1 ratio	17.94%	18.22%	16.47%
Total Capital ratio	20.14%	20.72%	18.99%

The transitional leverage ratio stated stood at 5.19 per cent. in 1Q22.

UniCredit is fully compliant with its TLAC requirements[15] with a 1Q22 TLAC ratio of 24.78 per cent. of RWA and of 7.81 per cent. of Leverage Exposures (including 3.5 per cent. of RWA senior exemption) implying a buffer of 322 bps over the 21.55 per cent. RWA Requirement and a buffer of 106 bps over the 6.75 per cent Leverage Exposures Requirement.

Starting from 30 June 2020, CET1 Capital (and as a consequence also the CET1, the Tier 1 and the Total Capital ratios) benefits from the application of the transitional arrangements foreseen by the regulation for IFRS9 provisions adopted by the Group in the quarter. In addition, the new grandfathering framework is applicable, until 2025 and according to the CRR2 Article 494b, to the Additional Tier 1 and Tier 2 instruments issued before 27 June 2019 that do not fully comply with the CRR2 Articles 52 and 63.

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

[15] TLAC RWA requirement includes the Combined capital Buffer Requirement applicable at the date.

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 (most of them by 2022).

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

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

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

- In the subsection "*Risks relating to Additional Tier 1 Notes*", the Risk Factor headed "*The Additional Tier 1 Notes may be traded with accrued interest, but under certain circumstances, such interest may be cancelled and not paid on the relevant Interest Payment Date; the Issuer may be required to reduce the principal amount of the Additional Tier 1 Notes to absorb losses*", on pages 62-64 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.4.7 <u>The Additional Tier 1 Notes may be traded with accrued interest, but under certain circumstances, such interest may be cancelled and not paid on the relevant Interest Payment Date; the Issuer may be required to reduce the principal amount of the Additional Tier 1 Notes to absorb losses</u>

The Additional Tier 1 Notes may trade, and/or the prices for the Additional Tier 1 Notes may appear, on the Official List of the Luxembourg Stock Exchange and in other trading systems with accrued interest. If this occurs, purchasers of Additional Tier 1 Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Additional Tier 1 Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Additional Tier 1 Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date. This may affect the value of any investment in the Additional Tier 1 Notes.

For the avoidance of doubt accrued interest will also be cancelled following a Write-Down as described below.

The Additional Tier 1 Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital under the CRD IV both at the level of the Issuer and at the level of the UniCredit Group. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Additional Tier 1 Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, under the Terms and Conditions for the Italian Law Notes, if at any time the Issuer's or the UniCredit Group's Common Equity Tier 1 Capital Ratio falls below 5.125 per cent. or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer and/or the UniCredit Group (a **Contingency Event**), the Issuer shall reduce the then Prevailing Principal Amount of the Additional Tier 1 Notes by the Write-Down Amount, *pro rata* with the other Additional Tier 1 Notes and taking into account the write-down (or write-off) or conversion into Ordinary Shares of any other Loss Absorbing Instruments. See Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes.

Although Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes permits the Issuer in its full discretion to reinstate Written-Down principal amounts up to a maximum of the Initial Principal Amount if certain conditions (further described therein) are met, the Issuer is under no obligation to do so. Moreover, the Issuer will only have the option to Write-Up the principal amount of the Additional Tier 1 Notes if, at a time when the Prevailing Principal Amount of the Additional Tier 1 Notes is less than their Initial Principal Amount, both a positive Net Income and a positive Consolidated Net Income are recorded, and if the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the Relevant Regulations (or, if different, any provision of Italian law transposing or implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s), as amended or replaced)) would not be exceeded as a result of the Write-Up.

No assurance can be given that these conditions will ever be met, or that the Issuer will ever Write-Up the principal amount of the Additional Tier 1 Notes following a Write-Down. Furthermore, any Write-Up must be undertaken on a *pro rata* basis with the other Additional Tier 1 Notes and any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a basis similar to that set out in Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in the circumstances then existing.

During the period of any Write-Down pursuant to Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes, interest will accrue (subject in certain circumstances to the Maximum Distributable Amount, as further set out below) on the Prevailing Principal Amount of the Additional Tier 1 Notes, which shall be lower than the Initial Principal Amount unless and until the Additional Tier 1 Notes are subsequently Written-Up in full. Furthermore, in the event that a Write-Down occurs during an Interest Period, any interest accrued but not yet paid up to the occurrence of such Write-Down will be cancelled. See generally Condition 7.4 (*Calculation of Interest Amount in case of Write Down*) of the Terms and Conditions for the Italian Law Notes.

Noteholders may lose all or some of their investment as a result of a Write Down. If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer, or if the Issuer is liquidated for any other reason prior to the Additional Tier 1 Notes being written-up in full pursuant to Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes, Noteholders' claims for principal and interest will be based on the reduced Prevailing Principal Amount of the Additional Tier 1 Notes.

In addition, in certain circumstances the Maximum Distributable Amount will impose a cap on the Issuer's ability to pay interest on the Additional Tier 1 Notes, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Additional Tier 1 Notes following a Write-Down and on its ability to redeem or repurchase Additional Tier 1 Notes. See generally "*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*".

The market price of the Additional Tier 1 Notes is expected to be affected by fluctuations in the Issuer's and the UniCredit Group's Common Equity Tier 1 Capital Ratio. Any indication that the Issuer's or the UniCredit Group's Common Equity Tier 1 Capital Ratio is approaching the level that would trigger a Contingency Event may have an adverse effect on the market price of the Additional Tier 1 Notes.

In the event that the relevant resolution authority utilises the general bail-in tool, this could materially adversely affect the rights of Noteholders, the price or value of their investment in any Additional Tier 1 Notes and/or the ability of the Issuer to satisfy its obligations under the Additional Tier 1 Notes. In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as the Additional Tier 1 Notes at the point of non-viability and before any other resolution action is taken. Any shares issued to holders of subordinated notes (such as the Additional Tier 1 Notes) upon any such conversion into equity may also be subject to any application of the general bail-in tool. See generally "*– 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*".

The calculation of the Common Equity Tier 1 Capital Ratios will be affected by a number of factors, many of which may be outside the Issuer's control.

The occurrence of a Contingency Event, which would result in a Write-Down of the Prevailing Principal Amount of the Additional Tier 1 Notes (and the cancellation of interest accrued not yet paid up to the occurrence of the Write-Down) or the application of a Maximum Distributable Amount, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. Also, whether a Contingency Event has occurred at any time shall be determined by the Issuer and the Competent Authority. Because the Competent Authority may require Common Equity Tier 1 Capital Ratios to be calculated as of any date (which calculation shall be binding on the Noteholders), a Contingency Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratios of the Issuer or of the UniCredit Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's earnings or dividend payments, the mix of its businesses, its ability to effectively manage the risk-weighted assets in its ongoing businesses, losses in the context of its banking activities or other businesses, changes in the UniCredit Group's structure or organisation. The calculation of the ratios also may be affected by changes in the applicable laws and regulations or applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

Accordingly, the trading behaviour of the Additional Tier 1 Notes may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer or of the UniCredit Group is approaching the level that would trigger a Contingency Event or a breach of the combined buffer requirement may have an adverse effect on the market price and liquidity of the Additional Tier 1 Notes. Under such circumstances, investors may not be able to sell their Additional Tier 1 Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

Changes to the calculation of Common Equity Tier 1 Capital and/or Risk Weighted Assets may negatively affect the Issuer or the UniCredit Group's Common Equity Tier 1 Capital Ratio.

In addition, regulatory initiatives may impact the calculation of the Issuer or the UniCredit Group's Risk Weighted Assets, being the denominator of the Issuer's and the UniCredit Group's Common Equity Tier 1 Capital Ratio, respectively. The Basel Committee on Banking Supervision (BCBS) concluded the review process of the standardised models (for credit risk, counterparty risk, operational risk and market risk) for the calculation of minimum capital requirements, including constraints on the use of internal models and introducing the so-called "output floor" (setting a minimum level of capital requirements calculated on the basis of internal models equal, when fully implemented, to 72.5 per cent. of those calculated on the basis of the standardised methods). The main purpose is to enhance consistency and comparability among banks. The new framework was finalised for market risk in 2016 and finally revised in January 2019. The new framework for credit risk and operational risk was completed in December 2017. The implementation of this new risk assessment framework, which should have originally occured on 1 January 2022 (with transitional arrangement for phasing in the aggregate output floor), has been postponed – due to COVID-19 outbreak – by the Group of Central Bank Governors and Heads of Supervision (**GHOS**) to 1 January 2023. The EU is expected to implement these standards by way of new changes to the CRR (**CRR III**) which were proposed on 27 October 2021, in the context of the so-called "2021 Banking Package" legislative proposal. In particular, this proposal is aimed at finalising the inmplementation of Basel III agreement in the European Union. Thus, it will impact the calculation of the Issuer's or the UniCredit Group's Risk Weighted Assets and, consequently, the Issuer or the UniCredit Group's Common Equity Tier 1 Capital Ratio.

Any changes that may occur in the application to the Issuer and/or the UniCredit Group of the CRD IV rules, the loss absorbency requirements under the BRRD (including MREL) or the FSB's TLAC proposals subsequent to the date of this Base Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in the aggregate negatively affect the Issuer or the UniCredit Group's Common Equity Tier 1 Capital Ratio and thus increase the risk of a Contingency Event, which will lead to Write-Down, and a breach of the combined buffer requirement, as a result of which Noteholders could lose all or part of the value of their investment in the Additional Tier 1 Notes."

- In the subsection "*Risks relating 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 "benchmarks"*", on pages 68-71 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

"1.6.3 The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

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 Financial Conduct Authority (**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 occured as of 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, among 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 for certain 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.

In the case of Notes not 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 or, in the case of Reset Notes, Reset Reference Rate Replacement is specified in the relevant Final Terms as being applicable, if the Issuer determines that a Benchmark Event (as defined in the Conditions) has occurred in relation to an Original Reference Rate (as defined in the Conditions) when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then: (i) the Issuer shall use reasonable endeavours: (A) to determine a Successor Reference Rate and an Adjustment Spread (if any); or (B) if the Issuer cannot determine a Successor Reference Rate and an Adjustment Spread (if any), appoint an Independent Adviser to determine an Alternative Reference Rate, and an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date or Reset Determination Date, as the case may be, relating to the next Interest Period or Reset Period (the IA Determination Cut-off Date); (ii) if the Issuer is unable to determine a Successor Reference Rate and the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date or Reset Determination Date, as the case may be, relating to the next Interest Period or Reset Period (the Issuer Determination Cut-off Date). 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 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 87 of the Base Prospectus is deleted in its entirety and replaced as follows:

"**Experts' reports**

No statement or report attributed to a person as an expert is included in this Base Prospectus, except for the reports of the auditors of the Issuer who have audited the consolidated financial statements of the UniCredit Group and the financial statements of the Issuer for the financial year ended on 31 December 2021 and 31 December 2020 and who have carried out the limited review of the consolidated first half financial report of UniCredit ended on 30 June 2021.

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

Documents Incorporated by Reference

2021 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 2021 (the **UniCredit 2021 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 2021 (the **UniCredit S.p.A. 2021 Non-Consolidated Financial Statements**, and together with the UniCredit 2021 Consolidated Financial Statements, the **2021 UniCredit Annual Report and Accounts**).

The UniCredit 2021 Consolidated Financial Statements and the UniCredit S.p.A. 2021 Non-Consolidated Financial Statements have been audited by Deloitte & Touche S.p.A., UniCredit's external auditors.

A copy of the 2021 UniCredit Annual Report and Accounts, available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2021/4Q21/2021-Annual-Reports-and-Accounts.pdf, has been filed with the Commission de Surveillance du Secteur Financier (**CSSF**). Copies of this Supplement and all the sections of the 2021 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 2021 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**
2021 UniCredit Annual Report and Accounts	**Consolidated Report and Accounts of UniCredit Group:**	
	Consolidated Report on Operations	77-119
	Consolidated Balance Sheet	139
	Consolidated Income Statement	140
	Consolidated Statement of Comprehensive Income	141
	Statement of Changes in the Consolidated Shareholders' Equity	142-144
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Documents	Information Incorporated	Page Reference
	Report and Accounts of UniCredit S.p.A.:	
	Report on operations	565-589
	Balance Sheet	593
	Income Statement	594
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UniCredit Unaudited Consolidated Interim Report as at 31 March 2022 – Press Release

On 5 May 2022, UniCredit announced that the Board of Directors of UniCredit approved on 4 May 2022 the unaudited consolidated interim report as at 31 March 2022 (the **UniCredit Unaudited Consolidated Interim Report as at 31 March 2022 – Press Release**).

A copy of the UniCredit Unaudited Consolidated Interim Report as at 31 March 2022 – Press Release, available at https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2022/UniCredit_PR_1Q22_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 2022 – 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 2022 – 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 2022 – Press Release	UniCredit Group: Reclassified Income Statement	14

UniCredit Group: Reclassified Balance Sheet	15
Other UniCredit Group Tables (Sovereign Debt Securities – Breakdown by Country/Portfolio, Weighted Duration, Ratings)	16-18
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Declaration by the manager charged with preparing the financial reports	25

Terms and Conditions for the Italian Law Notes

Condition 4 (*Status of the Subordinated Notes*) and Condition 5 (*Status of Additional Tier 1 Notes*) in section "*Terms and Conditions for the Italian Law Notes*" at pages 233-234 of the Base Prospectus are deleted in their entirety and replaced, respectively, with the following Condition 4 (*Status of the Subordinated Notes*) and Condition 5 (*Status of Additional Tier 1 Notes*):

"**4. STATUS OF THE SUBORDINATED NOTES**

This Condition 4 applies only to Notes specified in the applicable Final Terms as Subordinated and intended to qualify as Tier 2 Capital.

Subject as set out below, Subordinated Notes (notes intended to qualify as Tier 2 Capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of the Bank of Italy's *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time (the **Bank of Italy Regulations**), including any successor regulations, and Article 63 of the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended from time to time) and any relative Receipts and Coupons constitute direct, unconditional, unsecured and subordinated obligations of UniCredit and rank after unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of UniCredit and after all creditors of UniCredit holding instruments which are less subordinated than the relevant Subordinated Notes but at least *pari passu* without any preferences among themselves and with all other present and future subordinated obligations of UniCredit which do not rank or are not expressed by their terms to rank junior or senior to the relevant Subordinated Notes and in priority to the claims of holders of Additional Tier 1 Notes (which qualify, in whole or in part, as Additional Tier 1 Capital) and shareholders of UniCredit.

In the event the Subordinated Notes of any Series do not qualify or cease to qualify, in their entirety, as Own Funds, such Subordinated Notes and any relative Receipts and Coupons shall rank subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of UniCredit, *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which do not qualify or have ceased to qualify, in their entirety, as Own Funds and with all other present and future subordinated obligations of UniCredit which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the relevant Subordinated Notes (which do not qualify or have so ceased to qualify, in their entirety, as Own Funds) and senior to instruments which qualify (in whole or in part) as own fund items (*elementi di fondi propri*).

In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all amounts paid by UniCredit in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Subordinated Note.

In these Conditions:

Competent Authority means the Bank of Italy and/or, to the extent applicable in any relevant situation, the European Central Bank or any successor or replacement entity to either, or other authority having primary responsibility for the prudential oversight and supervision of UniCredit or the Group and/or, as the context may require, the "resolution authority" or the "competent authority" as defined under BRRD and/or SRM Regulation.

Relevant Regulations has the meaning attributed to that term in Condition 10.6.

Tier 2 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations.

For the avoidance of doubt, there is no negative pledge provision in these Conditions.

5. STATUS OF ADDITIONAL TIER 1 NOTES

This Condition 5 applies only to Additional Tier 1 Notes specified in the applicable Final Terms as Additional Tier 1 and intended to qualify as Additional Tier 1 Capital.

A. Subject as set out below, the Additional Tier 1 Notes and any relative Receipts and Coupons will constitute direct, unsecured and subordinated obligations of the Issuer ranking:

(i) subordinated and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer and depositors and holders of Senior Notes and Non-Preferred Senior Notes, the Issuer's obligations in respect of any dated subordinated instruments and any instruments issued as Tier 2 Capital of the Issuer or guarantee in respect of any such instruments (other than any instrument or contractual right ranking, or expressed to rank, *pari passu* with the Additional Tier 1 Notes);

(ii) *pari passu* among themselves and with the Issuer's obligations in respect of any Additional Tier 1 Capital instruments or any other instruments or obligations which rank or are expressed to rank *pari passu* with the Additional Tier 1 Notes; and

(iii) senior to:

(a) the share capital of the Issuer, including, if any, its *azioni privilegiate*, ordinary shares and *azioni di risparmio*;

(b) (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and (ii) any guarantee or similar instrument from the Issuer to any securities issued by a subsidiary,

which securities (in the case of (b)(i) above) or guarantee or similar instrument (in the case of (b)(ii) above) rank or are expressed to rank *pari passu* with the claims described under paragraphs (a) and (b) above and/or otherwise junior to the Additional Tier 1 Notes.

B. In the event the Additional Tier 1 Notes of any Series do not qualify or cease to qualify, in their entirety, as Additional Tier 1 Capital and for so long as they qualify, in whole or part, as Tier 2 Capital, such Additional Tier 1 Notes (the **Reclassified AT1 Notes**) shall rank *pari passu* without any preference among themselves and:

(i) *pari passu* with: (x) any instruments qualified in whole or in part as Tier 2 Capital of the Issuer (save to the extent any such instrument ranks, or is expressed to rank, senior or junior to the relevant Reclassified AT1 Notes); and (y) any securities or other obligations of the Issuer which rank, or are expressed to rank, on a voluntary or involuntary liquidation or bankruptcy of the Issuer, *pari passu* with instruments qualified in whole or in part as Tier 2 Capital;

(ii) senior to:

(a) the share capital of the Issuer, including, if any, its *azioni privilegiate*, ordinary shares and *azioni di risparmio*;

(b) (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and (ii) any guarantee or similar instrument from the Issuer to any securities issued by a subsidiary,

which securities (in the case of (b)(i) above) or guarantee or similar instrument (in the case of (b)(ii) above) rank or are expressed to rank pari passu with the claims described under paragraph (a) and this paragraph (b) above and/or otherwise junior to the Reclassified AT1 Notes; and

(c) any Additional Tier 1 Notes (which qualify, in whole or in part, as Additional Tier 1 Capital);

(iii) subordinated and junior to (x) unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of the Issuer and (z) subordinated creditors of the Issuer which rank, or are expressed to rank, senior to the relevant Reclassified AT1 Notes (including any subordinated instruments that do not qualify or have ceased to qualify, in their entirety, as Own Funds but which rank, or are expressed to rank senior to the relevant Reclassified AT1 Notes);

C. In the event the Additional Tier 1 Notes of any Series do not qualify or cease to qualify, in their entirety, as Own Funds, such Additional Tier 1 Notes and any relative Receipts and Coupons shall rank (i) subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of UniCredit; (ii) *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which do not qualify or have ceased to qualify, in their entirety, as Own Funds and with all other present and future subordinated obligations of UniCredit which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the relevant Additional Tier 1 Notes (which do not qualify or have so ceased to qualify, in their entirety, as Own Funds) and (iii) senior to instruments which qualify (in whole or in part) as own fund items (*elementi di fondi propri*), including, for the avoidance of doubt, any Reclassified AT1 Notes (which qualify, in whole or in part, as Tier 2 Capital as per paragraph (B) above).

Each holder of an Additional Tier 1 Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Additional Tier 1 Note.

In these Conditions:

Additional Tier 1 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations.

Tier 1 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations.

For the avoidance of doubt, there is no negative pledge provision in these Conditions."

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 300 of the Base Prospectus:

"**Recent Developments**

- On 8 March 2022, UniCredit has announced that it has been present in Russia since 2005 and has experience in adapting to, and fully complying with, sanctions. UniCredit closely monitoring the developments in the country, in full cooperation with regulators, and with dedicated cross expert teams which defined robust and tested contingency plans to protect its people on the ground, its clients in all Europe and its shareholders.

  UniCredit Bank Russia has a self-funded loan position at 2021 year end of Euro 7.8 billion, RWA of Euro 9.4 billion and equity of Euro 2.5 billion. Net of FX hedges, UniCredit's direct exposure to UniCredit Bank Russia (**UCBR**) is reduced to around Euro 1.9 billion.

  Russian client cross border exposure[16] is currently around Euro 4.5 billion, net of guarantees of around Euro 1 billion by non-Russian State Export Agencies, and accounts for around Euro 3 billion RWA. The exposure is almost entirely to leading Russian multinational corporations and mostly in Euro and USD currencies, with contracts governed by international laws and subject to international courts of law. Counterparties impacted by sanctions currently in place represent less than 5% of the total cross border exposure. The main sector exposures of the portfolio are around 30% to oil & gas, around 20% each to transport, and machinery & metals, around 10% to chemicals, around 8% to financial institutions and with the balance to a mix of other sectors. UniCredit has a current mark-to-market derivative exposure to Russian banks of around Euro 300 million, net of collateral received. The maximum potential loss in the event that the RUB would tend to zero is around Euro 1 billion. In the extreme scenario, where the entirety of its maximum exposure described above is non-recoverable and zeroed, the impact on UniCredit's 2021 year end CET1 ratio (15.03% inclusive of Euro 1.2 billion accrued dividend) would be around 200bps. Its strong capital position would allow UniCredit to absorb such impact without falling below 13% CET1. Whilst UniCredit does not consider this extreme scenario as its base case, it is taking a prudent and sustainable approach to its distributions. As such, UniCredit is confirming its 2021 proposed cash dividend of Euro 1.2 billion, maintaining a 2021 CET1 ratio pro-forma above 13% even in the extreme scenario. Furthermore, UniCredit confirms its intention to execute the share buyback up to the previously agreed amount of Euro 2.58 billion[17][18] subject to its pro-forma 2021 year end CET1 remaining above 13.0%. An ultimate capital impact from Russian exposures lower than 200bps will enable UniCredit to use up to an equivalent amount for the share buyback. UniCredit will provide market updates on the development of the 200 bps exposure on a quarterly basis unless the improvement is more than 25bps at which point UniCredit will provide an ad hoc update. UniCredit's target CET1 capital ratio remains within the range of 12.5-13.0%. UniCredit continues to dynamically manage its risk exposure, whilst constantly assessing the potential impact of the conflict on global GDP and public policies.

- On 1 April 2022, following the communication of 8 November 2021, UniCredit S.p.A. announced that it has completed the sale of its stake corresponding to 18% of the issued share

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[16] Exposure at Default including Russian counterparts/Groups not directly booked in UniCredit Bank Russia and Russian counterparts/Groups with country of incorporation outside of Russia. Managerial Data.

[17] Legally capped at 10% of share capital.

[18] Subject to regulatory, and shareholder approval at the Annual Meeting on April 8, 2022.

capital of Yapı ve Kredi Bankası A.Ş. (YKB) to Koc Holding A.S. The closing of the transaction is expected to have a mid-high single digit positive impact on the UniCredit consolidated CET1 ratio, in the 2nd quarter 2022. Following the completion of the transaction, UniCredit S.p.A. is no longer a shareholder of YKB.

- On 21 April 2022, with reference to the "€500,000,000 non-cumulative temporary write-down deeply subordinated fixed rate resettable notes" (the **Notes**) ISIN XS1539597499, issued on 21 December 2016, UniCredit announced, in accordance with the relevant Terms and Conditions of the Notes, that it will exercise its option to early redeem in whole the Notes on 3 June 2022 (the **First Call Date**). The early redemption of the Notes will be at par, together with accrued and unpaid interests. The interests shall cease to accrue on the First Call Date.

- On 27 April 2022, the Rating Agency S&P Global Ratings (**S&P**) has affirmed UniCredit S.p.A.'s 'BBB' long- and 'A-2' short-term Issuer Credit Ratings. The outlook remained at 'positive'. The instrument ratings have been affirmed as well. For further details please see S&P's corresponding press release on the rating agency website www.capitaliq.com.

- On 5 May 2022, following the communication received by the Single Resolution Board (**SRB**) and Banca d'Italia, UniCredit announced the following Minimum Requirements for Own Funds and Eligible Liabilities (**MREL**) apply to UniCredit SpA on a consolidated basis.

  The intermediate binding MREL is confirmed equal to:

  - 20.73 per cent of Risk Weighted Assets (**RWA**) plus the applicable Combined Buffer Requirement (**CBR**);
  - 5.90 per cent of Leverage Ratio Exposures (**LRE**).

  The intermediate binding MREL subordinated component, i.e. to be met with subordinated instruments, is confirmed equal to:

  - 11.79 per cent of RWA plus the applicable CBR;
  - 5.68 per cent of LRE.

  From 1 January 2024 the fully loaded MREL will be equal to:

  - 21.83 per cent. of RWA plus the applicable CBR;
  - 5.90 per cent. of LRE[19].

  The fully loaded MREL subordinated component will be equal to:

  - 15.53 per cent. of RWA plus the applicable CBR;
  - 5.77 per cent. of LRE[16].

  The above subordination requirements take into account the "senior allowance" benefit, which allows to meet part of the subordinated requirement with senior (non-subordinated) instruments.

  As of 1Q22, UniCredit is well above these requirements, with MREL eligible liabilities equal to:

  - 26.85 per cent. of RWA;

[19] LRE requirement defined and communicated by SRB in line with "SRB approach to CRR discretion on leverage and MREL calibration" published on 22 December 2021 and 7 March 2022.

- 8.46 per cent. of LRE.

The MREL subordinated eligible liabilities are equal to:

- 21.28 per cent. of RWA;
- 6.71 per cent. of LRE.

- On May 5, 2022, UniCredit announced that the Board of Statutory Auditors carried out, in compliance with the applicable provisions, the assessment of the Board of Statutory Auditors' suitability, verifying the requirements of the members (permanent and substitute Statutory Auditors), appointed by the Shareholders' Meeting on April 8, 2022. The assessment specifically involved: Mr. Marco Rigotti, Ms. Antonella Bientinesi, Mr. Claudio Cacciamani, Ms. Benedetta Navarra, Mr. Guido Paolucci (permanent Statutory Auditors), and Ms. Raffaella Pagani, Ms. Paola Manes, Mr. Vittorio Dell'Atti, Ms. Enrica Rimoldi (substitute Statutory Auditors).

  The Board of Statutory Auditors then assessed:

  - the correspondence between the qualitative-quantitative composition of the appointed Body and its theoretical qualitative-quantitative profile made available, in due time, to the Shareholders within the documents of the Shareholders' Meeting, so that they can take it into account while choosing the candidates

  - the suitability of the Body's collective composition

  - the compliance with limits on number of offices.

  With reference to the independence requirements, the Board of Statutory Auditors assessed and confirmed that the corporate officers possess the requirements declared, before their appointment, on the basis of the statements they made, and of the information available to UniCredit. All the permanent and substitute members of the Board of Statutory Auditors are independent pursuant to the Legislative Decree no. 58/1998 ("Italian Consolidated Law on Finance"), the Decree issued by the Ministry of Economics and Finance no. 169/2020 ("Decree") and the Italian Corporate Governance Code.

  With specific reference to the independence requirements laid down by the Italian Corporate Governance Code, information was taken into account relating to the existence of direct or indirect relationships (credit relationships, business/professional relationships, and employee relationships, as well as significant offices held) that the Statutory Auditors, and their connected subjects, may have with UniCredit and Group Companies.

  In order to assess the potential significance of these relationships, the Board of Statutory Auditors, in compliance with the criteria already adopted by the Board of Directors, decided not to proceed with the sole identification of pre-defined economic targets, which - if exceeded - could "automatically" indicate that their independence was compromised. To guarantee an objective and subjective assessment of aspects, the following criteria were taken into account: (i) the nature and characteristics of the relationship; (ii) the total amount, in absolute and relative terms, of the transactions; and (iii) the subjective profile of the relationship.

  More specifically, for the purposes of assessing the significance of such relationship, the following information, where available, is considered by the Board of Statutory Auditors:

  - credit relations: the amount in absolute value of the credit granted, its weighting in relation to the system and, where appropriate, the economic and financial situation of the borrower;

- professional/commercial relations: the characteristics of the transaction/relationship, the amount of the consideration and, where appropriate, the economic and financial situation of the counterparty; and

- offices held in Group Companies: the total amount of any additional remunerations.

Following the above assessment, no relationships emerged affecting the independence of permanent and substitute Statutory Auditors"

- On 10 May 2022, UniCredit S.p.A. announced, as per the authorisation granted by the Shareholders' Meeting of the Company held on 8 April 2022 and as per the 1Q22 Group results' press release dated 5 May 2022, that it has defined the measures for the execution of the first tranche of the share buy-back programme for a maximum amount of Euro 1,580,000,000.00 and for a number of UniCredit ordinary shares not exceeding 215,000,000 (the **First Tranche of the Buy-Back Programme 2021**).

  As disclosed on 5 May 2022, the First Tranche of the Buy-Back Programme 2021 has been authorised by the ECB. For the purpose of executing the First Tranche of the Buy-Back Programme 2021, UniCredit today engaged Goldman Sachs International as qualified third-party broker (the **Broker**) which will decide on the stock purchases in full independence, also in relation to the timing of the transactions and in compliance with the daily price and volume limits and the terms of the programme (so-called "riskless principal" or "matched principal").

  The transactions completed will be disclosed to the market in accordance with the terms and conditions set out in the laws and regulations in force. Any subsequent changes to the First Tranche of the Buy-Back Programme 2021 will be promptly disclosed to the public in the manners and terms provided for by the laws and regulations in force. The ordinary UniCredit shares that will be acquired as part of the First Tranche of the Buy-Back Programme 2021 will be cancelled in execution of the resolution of the abovementioned Shareholders' Meeting.

  For further details, please refer to the authorisation resolution approved by the Shareholders' Meeting and the related report by the Board of Directors, available in the "Governance" section of the Company's website (www.unicreditgroup.eu) and on the eMarket STORAGE (www.emarketstorage.com).

- 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 302-313 of the Base Prospectus is amended as follows, so that the following paragraphs set out below shall replace the corresponding paragraphs currently included in the Base Prospectus and the paragraphs not set out below shall remain unchanged:

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

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

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

BRRD and SRMR

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

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

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

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

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

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

CRR and CRD

The Issuer shall comply with the revised global regulatory standards (Basel III) on bank capital adequacy and liquidity. The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the CRD IV Directive) and the Regulation 2013/575/EU (the CRR, together with the CRD IV Directive, the CRD IV Package) subsequently updated in the Regulation No. 876/2019 and Directive (EU) No. 2019/878 (the Banking Reform Package with CRR II and CRD V). According to Article 92 of the CRR, institutions shall at all times satisfy the following Own Funds requirements: (i) a CET1 Capital ratio of 4.5 per cent.; (ii) a Tier 1 Capital ratio of 6 per cent.; (iii) a Total Capital ratio of 8 per cent. and (iv) a Leverage Ratio of 3 per cent. According to Articles from 129 to 134 of the CRD, these minimum ratios are complemented by the following capital buffers to be met with CET1 Capital: *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 Directive**) amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures. The revisions better align the current regulatory framework to international developments in order to promote consistency and comparability among jurisdictions.

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

- the determination of a minimum unit value for bonds and debt securities (Article 12-*ter* of the Italian Banking Act) issued by credit institutions and investment firms:

  1. Euro 200,000 for subordinated bonds and other subordinated securities;
  2. Euro 150,000 for Senior Non Preferred debt instruments ("*strumenti di debito chirografario di secondo livello*");

- the nullity of contracts entered into with non-professional investors (relating to investment services having as their object the instruments referred to in Article 12-ter of the Italian Banking Act issued after 1 December 2021 (or equivalent instruments when issued by subjects having their registered office in a third country, under certain conditions) that do not respect the minimum unit value (Article 25-quater of the Financial Services Act);

- the elimination of the ban on the placement of Senior Non-Preferred debt instruments with non-qualified investors (Article 5 of Legislative Decree No. 193/2021), subject to the abovementioned provisions.

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

Furthermore, in August 2020 the Commission required the EBA to update its assessment in the light of COVID-19, which was published in December 2020. The legislative proposal (**CRR III/CRD VI**), which incorporates these new standards into EU legislation as well as foresees some new provisions in relations to Environmental, Social and Governance (**ESG**) Risks has been published by the European Commission on 27 October 2021. Once agreed on the final text 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 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%, 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% and a capital deficit of over Euro 52 billion (the December 2019 outcome for a comparable sample would have been respectively 24.1% and Euro 109.5 billion).

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

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

i. the possibility for the Bank of Italy to activate the systemic risk buffer (**SyRB**) for banks and banking groups authorised in Italy. In particular, the requirement to maintain a systemic risk buffer of Common Equity Tier 1 is intended to prevent and mitigate macro-prudential or systemic risks not otherwise covered with the macro-prudential instruments provided for by the CRR, the anti-cyclical capital buffer and the capital buffers for G-SII and for O-SII. The buffer ratio for systemic risk can be applied to all exposures or to a subset of exposures and to all banks or to one or more subsets of banks with similar risk profiles; and

ii. some macro-prudential instruments based on the characteristics of customers or loans (so-called "borrower-based measures"). Specifically, these are measures that are not harmonised at European level, which can be used to counter systemic risks deriving from developments in the real estate market and from high or rising levels of household and non-financial corporate debt.

Regulatory and supervisory framework on non-performing exposures

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

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

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

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

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

- NPEs classified before 1 April 2018 (Pillar II - Stock): 2/7 years vintage buckets for unsecured/secured NPEs, subject to supervisory coverage recommendations and phase-in paths as communicated in SREP letters;

- NPEs originated before 26 April 2019 (Pillar II – ECB Flows): 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%; and

- NPEs originated on or after 26 April 2019 (Pillar I – CRR Flows): 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%.

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%, EBA asked to introduce strategies, in order to achieve a reduction of NPEs, and governance and operational requirements to support them.

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

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

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

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

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

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

Measures to counter the impact of "COVID-19"

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

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

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**).

With regard to the above, on 17 December 2021, the ECB published its decision not to extend beyond December 2021 the liquidity relief measure that allowed banks to operate with a liquidity coverage ratio below 100%.

Furthermore, on 10 February 2022 the ECB issued the decision that it will not extend capital and leverage relief for banks beyond, respectively, December 2022 and March 2022. Although there is still some uncertainty regarding the impact of the pandemic, the ECB considers banks under its direct supervision to have ample headroom above their capital requirements and above the leverage ratio

requirement and sees no need to allow banks to operate below the level of capital defined by their Pillar 2 Guidance (**P2G**) beyond December 2022, nor to extend beyond March 2022 the supervisory measure that allows them to exclude central bank exposures from their leverage ratios.

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 Euro-system'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. The Governing Council intends to reinvest the principal payments from maturing securities purchased under the PEPP until at least the end of 2024. In any case, the future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary policy stance.

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

On 20 March 2020, the ECB announced additional measures (on top of those already undertaken on 12 March 2020 on temporary capital and operational relief for banks) to ensure that its directly supervised banks could 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 recommended 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; and
- 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; and

(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; and

- 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 then extended to January 2021 on 28 July 2020.

On 15 December 2020, the ECB recommended that banks exercise extreme prudence on dividends and share buy-backs (**SBB**). 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 COVID-19 pandemic, the ECB expects dividends and SBB to remain below 15% 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 23 July 2021 the ECB has published a statement with its decision to not extend beyond September 2021 its recommendation that all banks limit dividends. Instead, the capital and distribution plans of each bank will be assessed by supervisors as part of the regular supervisory process. At the same time the ECB has emphasized that banks should remain prudent and not underestimate risks when deciding on dividends and share buy-backs while carefully considering the sustainability of their business model.

On 2 April 2020, the 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 on 2 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 of 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 have been applicable until 31 December 2020 and extended until 30 June 2022 by Budget Law 2022 (formerly 31 December 2021 – see below).

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 CRR II: 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; and

- 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 2020 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 caused 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% in April and May 2020 (two tax credits are granted to other investors <20% of the investment> in such corporates, and to the corporates above indicated which have suffered losses <50% of the losses which exceed the 10% of the Net worth, but in the limit of the 30% of the capital increase>); and the so called "Patrimonio rilancio" (Dedicated assets within CDP) which is aimed at subscribing new bonds (mainly convertible bonds) and shares in order to support real economy.

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

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% reduction of turnover.

The Law 30 December 2020, No. 178 (the **2021 Budget Law**) extended the "SACE Guarantee" until 30 June 2021 and provided for Mid Cap (companies with a number of employees not exceeding 499) to access the SACE Guarantee from 1 March 2021 to 30 June 2021 at the same favorable conditions offered to these companies by the Guarantee Fund for SMEs. The extraordinary measures relating to the Guarantee Fund for SMEs and the extraordinary moratorium for micro-enterprises and SMEs (Art. 56 Cura Italia Decree) have also been extended until 30 June 2021. Finally, the operation of the "Patrimonio PMI" fund was extended until 30 June 2021 (Art. 26 *Decreto Rilancio*).

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.

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

The extraordinary moratorium for micro-enterprises and SMEs was also extended until 31 December 2021, limited to the principal amount. The additional measures contained in the decree: the strengthening of the ACE for 2021 by applying the percentage rate of 15% and the extension of the temporal effectiveness of the measures on the transformation of DTAs into tax credits in the event of business combinations.

The Law 30 December 2021 n. 234 (the **Budget Law 2022**) further extended the extraordinary public guarantees issued by SACE and the Guarantee Fund for SMEs (FCG) until 30 June 2022 (including the possibility for Mid Cap to access the SACE Guarantee under the same conditions offered by the Guarantee Fund for SMEs). From 1 April 2022 the FCG Guarantee has been granted against payment of a fee.

The extraordinary regulation ends on 30 June 2022. From 1 July 2022 to 31 December 2022, some specific measures continue to apply, such as: the maximum amount guaranteed by the FCG Fund per company is equal to Euro 5 million and the guarantee is granted by applying the Fund's valuation model.

Finally, among the measures adopted in response to the COVID-19 emergency, the Capital Markets Recovery Package (so-called "Quick Fix") can also be recalled; it included 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 included targeted amendments in particular in the field of investor protection. As to the Prospectus Regulation, a new type of short-form prospectus to facilitate the raising of capital in public markets was introduced. As to the Securitisation Regulation, in addition to a review of the regulatory constraints to the securitisation of NPEs, the amendments also extended the preferential treatment to all synthetic on-balance sheet securitisation that fulfil the simple, standardised and transparent (**STS**) criteria. Amendments to the Prospectus Regulations entered into force in March 2021; the MiFID amendments, as being part of a Directive, needed to be transposed into national laws by November 2021. Amendments to the securitisation Regime entered into force on 9 April 2021.

SUSTAINABLE FINANCE

Finally, it is worth mentioning the developments in the Sustainable Finance area. The banking system needs to be able to collect high quality data on companies' sustainable activities and projects to

contribute to the radical transformation towards climate neutrality and sustainability, which are the basis for green finance decision-making and necessary to ensure that the banks shall comply with the regulations on the disclosure of financial and non-financial information.

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

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

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

On 2 February 2022, the Commission formally adopted the Taxonomy Complementary Delegated Act covering gas and nuclear related activities which is now subject to scrutiny by the European Parliament and the Council which will have four months (extendable by two additional months) to object to it. If not objected, the Delegated Act will be applicable from 1 January 2023.

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

Furthermore, the Platform on Sustainable Finance published its final report and annex (containing the list of activities) with recommendations on technical screening criteria (**TSC**) for the four remaining environmental objectives under the EU Taxonomy. The four objectives are: sustainable use of water and marine resources; protecting and restoring biodiversity and ecosystems, transitioning to a circular economy, preventing and controlling pollution. The EC will review the report and put forward a legislative proposal for a second Taxonomy Delegated Act by the end of the year. The Delegated Act on four remaining objectives should be applicable from 1 January 2023.

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

The Corporate Sustainable Reporting Directive (CSRD), published by the Commission on 21 April 2021, and currently under negotiations by the Co-Legislators, will review the existing Non-Financial Reporting Directive (**NFRD**) to reinforce disclosure obligations through mandatory reporting standards while broadening the application scope. Particularly the proposed Directive includes:

- an extension of scope to additional firms including all large and all listed companies (including firms not established in the EU but listed on EU regulated markets) except for listed micro-undertakings).

- The requirement to specify in greater detail the information that companies should report (e.g., information about their strategy, targets, the role of the board and management, principal adverse impacts of the undertaking, intangibles)

- The requirement to report against mandatory EU sustainability reporting standards.

- The requirement for an EU-wide audit (assurance) requirement for reported sustainability information.

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

According to the Commission's proposal the CSRD's new sustainability reporting obligations will apply to financial years starting with 1 January 2023. The timeline is currently being discussed both at EU Council and European Parliament level.

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.

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

Green Bond Standard. The Commission published its proposal for an EU Green Bond Standard (**EU GBS**) on 6 July 2021. The Regulation lays down the foundation for a common framework of rules regarding the use and designation of EU GBS for bonds that pursue environmentally sustainable objectives within the meaning of Taxonomy Regulation. The Regulation is mainly aimed at issuers who wish to use the voluntary EU GB standard. The Regulation also sets up a system for registering and supervising companies that act as external reviewers for green bonds aligned with this framework. The negotiations are ongoing both in the European Parliament and in the Council. It is expected that the Regulation will be finalized by the end of 2022. On 6 July 2021, the European Commission adopted the

Delegated Act on Article 8 under the EU Taxonomy Regulation which requires entities covered by the EU Non-Financial Reporting Directive (**NFRD**) to publish information on how and to what extent their activities are associated with economic activities that quality as “environmentally sustainable” under the EU Taxonomy Regulation. The application of the delegated act for financial institutions is limited in 2022 and 2023 to certain elements, while the remaining provision will apply from 1 January 2024 (e.g, the Green Asset Ratio). The disclosure of the information related with banks’ trading book exposures and fees and commissions for other commercial services will apply from 1 January 2026.

On 25 November 2021, as part of the CMU Action Plan, the Commission published the legislative proposal for the establishment of the European Single Access Point (**ESAP**), aimed to ensure public and free access to financial and sustainability-related information across the single market with a view to meet investors’ demand. The scope of data accessible via the ESAP will include information published by entities under existing EU financial services legislation, with a phased approach from 2024 till 2026. The ESAP will enable any entity, in particular SMEs, to file relevant information voluntarily. Entities are expected to file the information only once to a collection body (for instance the Officially Appointed Mechanisms or an existing authority, at national or at European level). All the collection points will enable the ESAP to access that information via application programming interfaces (**APIs**). The European Securities and Markets Authority (**ESMA**) will be in charge of building, operating and governing the ESAP. The information will be available for free and in data extraction format, with an increasing amount of information made machine-readable in the long run. The ESAP proposal will undergo the legislative process in the course of 2022.

On 24 January 2022, the EBA published their final drafts on the implementing technical standards (**ITS**) on Pillar 3 disclosures of ESG risks in accordance with Article 449a of the CRR. In defining the ITS, the EBA took into consideration the sequential approach followed by the European Commission (**EC**) for the disclosure obligations requested by Article 8 of the EU Taxonomy and proposed the disclosure of a Green Asset Ratio (**GAR**) for the exposures related to the NFRD companies starting from 2024, while it introduced a transition period until June 2024 for the disclosure of the Banking Book Taxonomy alignment Ratio (BTAR - dedicated to exposures towards SMEs and non-EU counterparties) and for the banks’ scope 3 emissions. EBA confirmed that will review the disclosure requirements in 2024 to extend them to the other four environmental objectives and to the trading book. The EC has four months within which must decide whether to adopt the ITS and publish them in the Official Journal in order to enter into force by 28 June 2022 as requested by CRR.

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.

1. Removing fragmentation in the Digital Single Market: in June 2021, the Commission proposed to harmonise rules on customer onboarding building on the review of the e-IDAS (electronic IDentification Authentication and Signature) Regulationto implement an interoperable cross-border framework for digital identities.

2. Adapting the EU regulatory framework to facilitate digital innovation: in September 2020, the Commission proposed for the first time new legislation on crypto-assets, the so called “Markets in Crypto Assets” (**MiCA**) regulation to ensure clarity and legal certainty for issuers and providers of crypto assets that are not currently covered by current EU legislation. Safeguards include capital requirements. Issuers of significant crypto-assets (the so-called global "stablecoins") will be subject to stricter requirements (e.g. in terms of capital, investor rights and supervision). The Commission also proposed a pilot regime, which allows temporary derogations from existing rules, for market infrastructures interested in trade and settle

transactions in financial instruments in crypto-asset form. In April 2021, to facilitate digital innovation, the Commission also presented a proposal for a regulatory framework on Artificial Intelligence (**AI**) aimed both at promoting its development but also at managing its potential risks.

3. 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 likely present a legislative proposal for a broader open finance framework by mid-2022 (date to be confirmed).

4. Addressing the challenges and risks associated with digital transformation: in September 2020, the Commission proposed a Digital Operational Resilience Act (**DORA**) to prevent and mitigate cyber threats and enhance oversight of outsourced services. The proposed legislation will require all interested firms to ensure that they can withstand all types of ICT related disruptions and threats and also introduces an oversight framework for ICT providers, such as cloud computing service providers.

OTHER RECENT SECURITIES MARKETS RELATED REGULATIONS

On November 25, 2021, the Commission presented its official proposal for a Markets and Financial Instruments Regulation (MiFIR) review as part of a Capital Market Package including other legislative proposals (i.e., the creation of the European Single Access Point (ESAP) – see above - and a review of the European Long-Term Investment Funds (ELTIFs) Regulation). The EC MiFIR review aims at improving transparency and making the EU market infrastructure more competitive. The review is mainly focused on the establishment of an EU Consolidated Tape (CT) – a centralized database meant to provide a comprehensive view of market data - namely prices and volumes of traded securities across trading venues in the EU. With an ordinary legislative procedure, the proposal will be now discussed by the EU Parliament and EU Council likely over 2022/2023."

- The sub-paragraph "*Credit ratings*", in the "*Description of UniCredit and the UniCredit Group*" section, on pages 313-314 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:

"1.1.6 Credit ratings

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

Rating Agencies	**Short Term Counterparty Credit Rating**	**Long Term Counterparty Credit Rating**	**Outlook**	**Last update**
Fitch	F2[(1)]	BBB[(2)]	stable[(3)]	17 December 2021
S&P	A-2[(4)]	BBB[(5)]	positive[(6)]	27 April 2022

Moody's	P-2(7)	Baa1(8)	stable(9)	12 May 2021

[…]”

- 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 315 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 2021.”

- 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 315 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 2021, the loans to deposits ratio (LDR), a ratio between the customer loans and deposits, including the repo activity, is equal to 87.4 per cent. Such ratio improves compared to 31 December 2020, equal to 90.4 per cent, mostly due to the loans’reduction, mainly driven by the reverse repo dynamic.

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 2021, the liquidity buffer is equal to Euro 201.8 billion (Euro 167.4 billion at 31 December 2020).

As at 31 December 2021, the TLTRO participations of the Group is equal to Euro 106.8 billion (compared to Euro 94.3 billion at the end of 2020).”

- In the sub-paragraph “*Principal activities*” of the paragraph titled “*Business overview*” in the “*Description of UniCredit and the UniCredit Group*” section on page 315, 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 pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. UniCredit’s purpose is to empower communities to progress, delivering high quality services, unlocking the potential of its clients and its people across Europe. UniCredit serves over 15 million customers worldwide. UniCredit is organized in four core regions and two

product factories, Corporate and Individual Solutions. This allows the Bank to be close to its clients and use the scale of the entire Group for developing and offering the best products across all its markets.

UniCredit is one of the leading banks in Italy and in many of the CE and EE countries in which it operates in terms of total assets.

As of the date of this Base Prospectus, the Group in structured by geographic area as follows, according to organizational changes announced during May 2021:

- Italy as a standalone geography reflecting the critical importance of the country;
- Germany still focused on developing and growing business in the country;
- Central Europe (including Austria, Czech Republic and Slovakia, Hungary, Slovenia);
- Eastern Europe (including Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia, Russia).

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

Alongside the new 4 business division there are:

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

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

- The sub-paragraph "*Names, business addresses and functions of the members of the Board of Directors and Board of Statutory Auditors and an indication of the principal activities performed by them outside of the Issuer where these are significant with respect to the Issuer*" of the paragraph titled "*Administrative, management and supervisory bodies*" in the "*Description of UniCredit and the UniCredit Group*" section on page 321 of the Base Prospectus is deleted in its entirety and replaced as follows:

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

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

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 15 April 2021 for a term of three financial years and is composed of 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 members of the Board of Directors have been appointed on the basis of a proportional representation mechanism ("*voto di lista*") and in compliance with the provisions on gender balance.

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

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 as General Manager by the Board of Directors on 15 April 2021.

The information on the Board of Directors and its updates 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, 20154, Piazza Gae Aulenti 3, Tower A.

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

Pietro Carlo Padoan

- Member of the Board of Directors and the Executive Committee of ABI – Italian Banking Association

- Chairman of the Capital Markets Union technical Committee of ABI - Italian Banking Association

- Member of the European Financial Roundtable (EFR)

- Member of the European Banking Group (EBG)

- Member of the Executive Committee of FeBAF (Italian Banking, Insurance and Finance Federation)

- Member of the Executive Committee of Assonime

- Member of the Committee of Market Operators and Investors (COMI)

- Member of the Governing Council of the School for Economic and Social Politics (AISES)
- Member of the "Comitato Scientifico Osservatorio Banca Impresa 2030"

- Member of the Board of Directors of International Monetary Conference

- Member of the Board of "Istituto Luigi Einaudi per gli Studi bancari, finanziari e assicurativi"

- Member of the Corporate Governance Committee of Borsa Italiana

- Member of the Board of the Institute of International Finance (IIF)

- 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

Jeffrey Alan Hedberg

- Member of the Board of Directors of Wind Tre S.p.A.
- Member of the Board of Directors of Wind Tre Italia S.p.A.
- Member of the Board of Directors of 3lettronica Industriale S.p.A.
- Chairman and CEO of Wind Tre Retail S.r.l.
- Vice Chairman of ASSTEL
- Advisory Board Member - SDA Bocconi

Beatriz Lara Bartolomé

- Sole Administrator of AHAOW

- Innovation & Digital Transformation Board at PROSEGUR
- Seed Investor & Strategic Advisor at ZELEROS Hyperloop
- Financial Investor & Senior Advisor at 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 Autogrill S.p.A.
- 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
- Member of the Board of Directors of Coleherne Court Freehold Limited
- Member of the Board of Directors of Coleherne Court Company Limited

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
- 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 8 April 2022 for a term of three financial years and its members may be re-elected.

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

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

Name	**Position**
Marco Rigotti	Chairman
Claudio Cacciamani	Statutory Auditor
Benedetta Navarra	Statutory Auditor
Guido Paolucci	Statutory Auditor
Antonella Bientinesi	Statutory Auditor

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

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

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

Marco Rigotti

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

Claudio Cacciamani

- Chairman of the Board of Statutory Auditors of Confidi Parma S.C.p.A.

- Non-executive Director of Alicanto Capital SGR S.p.A.
- Non-executive Director of Carlyle Real Estate Società di Gestione del Risparmio S.p.A.
- Non-executive Director of CBRE Investment Management SGR S.p.A.
- Non-executive Director of Consultinvest S.p.A.
- Member of the Supervisory Committee of Banca Popolare di Garanzia in compulsory liquidation

Benedetta Navarra

- 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 D.M.O. Pet Care S.r.l.
- Member of the Supervisory Body pursuant to Legislative Decree 231/2001 of Confcommercio imprese per I'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

- Chair of the Board of Statutory Auditors of Cerved Group S.p.A.

- Chair 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 CESI S.p.A
- Sole Auditor of EGP Matimba Newco 1 S.r.l.
- 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 of the Bank of Italy Circular no 285 dated 17 December 2013 (Part III - Chapter 11) concerning risk activities and conflicts of interest of banks and banking groups with associated persons (Supervisory Regulations for the banks).

In accordance with the said latest provisions, UniCredit has adopted specific policies and procedures in order to ensure, between the others, the transparency and the material and procedural correctness of the transactions with related parties or with associated persons, directly or through controlled companies. For information on related-party transactions, please see Part H of the Notes to the consolidated financial statements of UniCredit as at 31 December 2021, 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 327 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 9 May 2022, the major shareholders who have disclosed that they hold, directly or indirectly, a relevant participation in UniCredit, pursuant to Article 120 of the Financial Services Act, were:

Major Shareholders*	**Ordinary Shares**	**% owned**
BlackRock Group	114,907,383	5.260(1)
Allianz Group	69,622,203	3.187

(1) non-discretional asset management

* The figures show the information notified by the shareholders pursuant to Article 120 of the Financial Services Act and published on the CONSOB website in the "Shareholders" section. The percentages indicated are calculated based on the number of shares representing the share capital as of 9 May 2022.

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

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

- The sub-paragraph "*Legal and arbitration proceedings*" of the paragraph titled "*Legal and arbitration proceedings*" in the "*Description of UniCredit and the UniCredit Group*" section on pages 328-337 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 30 June 2021 the Companies decided to set aside appropriate provisions for risks and charges for Euro 690.8 million, of which Euro 345.8 million for the Parent Company

UniCredit S.p.A.

As at 31 December 2021, the Companies were named as defendants in about 55,900 legal proceedings, of which approximately 8,500 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 2021, 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 9.8 billion, of which approximately Euro 6.4 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 2021, there were several pending civil proceedings against UniCredit Bank Austria AG (**UCB Austria**) for the total claimed damages amount of Euro 5 million. While a large majority of the judgments have been favourable to UCB Austria, the impact of the remaining cases cannot be predicted with certainty, as the related future rulings may be adverse to UCB Austria. UCB Austria has made adequate provisions related to the Madoff's matter.

Proceedings arising out of the purchase of UniCredit Bank AG (UCB AG) by the parent company UniCredit S.p.A. and the related Group 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. In parallel, five contentious proceedings in which plaintiffs claim damages have been initiated, involving however only insignificant amounts in dispute.

Financial sanctions matters

Following the settlement in April 2019, the U.S. and New York Authorities require an annual external review regarding the evolution of the process implementation. In light of the request, in 2020 the Group appointed an external independent consultant. Following the interaction with the independent consultant and also considering the mandatory commitments towards the Authorities, the parent company UniCredit S.p.A., UCB AG and UCB Austria AG 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 extended to certain periods from 2007 to 2011 and included activities by UCB AG between September and November 2011. The European Commission concluded its investigation by issuance of its decision on 20 May 2021. The decision provides for the imposition of a fine of Euro 69.4 million on the parent company UniCredit S.p.A and UCB AG. UniCredit S.p.A. and UCB AG contest the European Commission's findings and brought an action for the annulment of its decision before the General Court of the European Union on 30 July 2021.

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

The putative class consists of those who purchased or sold Euro-denominated bonds issued by European central banks in the US between 2007 and 2012. On 23 July 2020, the court granted motions to dismiss the third amended complaint by certain defendants, including UCB AG and UniCredit Capital Markets LLC, without prejudice. Plaintiffs filed their fourth amended class action complaint on 9 February 2021, repleading their claim against UCB AG and UniCredit Capital Markets LLC and other financial institutions. Like earlier pleadings, the fourth amended class action complaint does not include a quantification of damages claimed. Exchange of correspondence concerning motions to dismiss the fourth amended complaint has been completed, and in June 2021 defendants have requested a pre-motion conference with the court.

Proceedings related to claims for Withholding Tax Credits

On 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called “cum-ex” transactions (the short selling of equities around dividend dates and claims for withholding tax credits on German share dividends) at UCB AG. In this context, criminal investigations have been conducted against current or former employees of UCB AG and UCB AG itself as an ancillary party by the Prosecutors in Frankfurt am Main, Cologne and Munich. With respect to UCB AG, all proceedings originally initiated by the aforesaid prosecution offices were finally closed with payment of a fine or the payment of a forfeiture.

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

On 28 July 2021, the Federal Criminal Court (**BGH**) rendered a decision through which the principle criminal liability of cum/ex structures had been determined the first time. UCB AG is monitoring the development.

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 transactions in equities around the dividend record date (so called cum/cum transactions). During these years, UCB AG performed, among other things, securities-lending transactions with different domestic counterparties which include, but are not limited to, different types of cum/cum transactions. It remains to be clarified whether, and under what circumstances, tax credits can be obtained or taxes refunded with regard to different types of 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. In this context, UCB AG is considering the latest view of the German Tax Authorities.

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 UniCredit Group, rather affect the financial sector in general.

In this regard, as at 31 December 2021 (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 billion, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was Euro 692 million, mediations included) and the German market (for which the claimed amount against UCB AG was Euro 28 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around Euro 162 million).

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

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

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

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

In 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. The Government of the Republic of Croatia reached an agreement with six local banks, including ZABA and UCB Austria, as a result of which on 30 June 2021 the parties have jointly requested the arbitral tribunal to discontinue the proceedings.

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 Supreme Court withdrew its request, while the other case is still pending. In March 2021 the Constitutional Court rejected Zaba's application related to the invalidity of the Swiss franc currency clause. In light of the above, provisions have been booked which are deemed appropriate.

VIP 4 Medienfonds

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

Claims in relation to a syndicated loan

UCB AG, together with several other financial institutions, has been named as a defendant in complaints filed by the judicial administrator and foreign representative of a Brazilian oil and gas conglomerate in July 2021 in the United States before the District of New York court claiming damages in connection

with the repayment of a syndicated loan for two oil drilling rigs UCB AG participated in that defendants are alleged to have unlawfully obtained.

Vanderbilt related litigations

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

Vanderbilt Financial LLC (**VCA**) related litigations, where Pioneer Investment Management USA Inc., Pioneer Global Asset Management S.p.A. (**PGAM**), at the time controlled by UniCredit S.p.A. and incorporated by the latter in 2017, and the parent company UniCredit S.p.A. (the **Defendants**) were named as additional defendants by virtue of their corporate affiliation with VCA, including in legal proceedings brought by a former employee of the State of New Mexico (the **Public Authority**), who claimed to act as representative of the Public Authority for the losses suffered by the State of New Mexico during the 2006-08 market downturn on investments managed by VCA (mainly CDOs). The total amount of losses claimed in those proceedings is approximately $365 million. In 2012, the Defendants reached a settlement agreement for an amount of $24.25 million and the settlement amount was deposited into escrow at the beginning of 2013.

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 20.21 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 pending at the date of this Base Prospectus. Therefore, the final outcome of the expert report cannot be assessed as of the date of this Base Prospectus.

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. UCB Austria has been informed by the Paris Commercial Court that the case was removed from the Court's register on June 17, 2021, at Valauret's request. Valauret's claim is likely time-barred.

Bitminer Litigation in the Republic of Srpska, Bosnia and Herzegovina

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

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

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. The two proceedings still pending were consolidated and in September 2021 the Court of Appeal of Bari reversed the judgment in the case commenced by Divania in 2007 – ordering the latter to return the sum awarded by the first-instance Court plus costs (for a total of Euro 9.3 million) to UniCredit –

and confirmed the judgment in the case commenced in 2009 by Divania (which had ordered UniCredit to pay an amount of Euro 13.3 million). The judgment of the Court of Appeal became final between UniCredit and Divania; however, Divania's guarantor may still appeal to the Supreme Court.

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 – two of which were settled – 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 and the case has been settled; (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 waived 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) the fourth case is in its conclusive phase. The settlement of the first two cases led to a reduction of the overall claimed amount to Euro 13.5 million.

Lawsuit brought by "Paolo Bolici"

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

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

Mazza

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

This decision was reversed by the Court of Appeal of Rome, which found all the defendants guilty. Following a further appeal, while stating that some accusations were time-barred, the Supreme Court confirmed the court of Appeal's findings on the civil law requests raised by the Bank.

Following the acquittal in the first-instance criminal proceedings, Mr. Mazza and other persons involved in the criminal proceedings filed two lawsuits for compensation claims against the parent company UniCredit S.p.A.: (i) the first (commenced by Mr. Mazza with a claimed amount of approximately Euro 15 million) was won by the Bank at first-instance and the judgment is now final;

(ii) in the second (commenced by Como S.r.l. and Mr. Colella with a claimed amount of approximately Euro 379 million) case the Court of Rome ruled in favour of the parent company UniCredit S.p.A. and the plaintiffs have appealed. 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. The appeal is pending. 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 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 UniCredit Group.

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

Labour-related litigation

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

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

Lawsuits have been brought against UniCredit S.p.A. by members of the former Cassa di Risparmio di Roma Fund. These lawsuits are now pending before the Italian Supreme Court (*Corte di Cassazione*) after two degree decisions favourable to UniCredit S.p.A.. The main claim is a request that the funding levels of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. With reference to the main claim, the relief sought is estimated at Euro 384 million.

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

Diamond offer

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

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

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

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

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

- As at 31 December 2021, UniCredit received reimbursement requests for a total amount of about Euro 409 million (cost originally incurred by the Clients) from No.12,233 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalisation of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur; with reference to the scope outlined above (Euro 409 million), reimbursed No.11,076 customers for about Euro387 million (equivalent value of original purchases), equal to about 95 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 Provision for risks and charges was set up; its quantification was also based on the outcome of an independent study (commissioned to a primary third company) aiming at evaluating the diamonds' value. Finally, in line with a strategy that envisages its disposal in the short term, the gems purchased are recognised for about Euro 52 million in item "120. Other assets" of the balance sheet.

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

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

In September 2020, a new notice pursuant to Article 415-*bis* of the Italian Code of Criminal Procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit individuals only pertain to the offence of fraud. Such new allegations do not modify the overall investigative framework as per the notice served in the autumn of 2019. In June 2021 the public prosecutor issued the formal request of indictment against certain current and former employees and the preliminary hearing has commenced.

Proceeedings related to Tax matters

Pending cases arising during the period

In June 2021 UniCredit S.p.A. (as incorporating entity of UniCredit Banca di Roma S.p.A.) filed claims with the Civil Court of Milan (competent for the matter), challenging the payment injunctions for COSAP (fee for the occupation of public areas) notified by the Municipality of Milan with reference to the fiscal years 2009, 2010 to 2012 and 2014. By means of that claims the bank objected that the requests made by the Tax Authority for the years subject to assessment became time-barred. Total contested amount Euro 0.12 million.

In March 2021, UniCredit S.p.A. challenged before the first-degree Tax Court No.4 payment notices and penalty assessment notices issued by the Salerno Customs Office, notified in February 2021 to UniCredit S.p.A., in its capacity as alleged domiciliary in Italy of a German bank for EU transit of goods and jointly liable party, concerning excise duties and related VAT for the fiscal year 2018, plus interest and penalties for a total amount of Euro 1.24 million. An application was recently submitted to combine these proceedings with other proceedings already started by UniCredit S.p.A., regarding similar payment notices served at the end of 2019, for a total value of Euro 0.10 million.

With regard to two notices of assessment for mortgage tax and stamp duty on renewal of mortgages issued by Istituto Neurotraumatologico Italiano S.p.A. (**INI S.p.A.**) in favour of UniCredit S.p.A. (formerly Banca di Roma S.p.A.) on two building complexes securing INI S.p.A.'s overall debt to Banca di Roma, both notices were appealed by UniCredit S.p.A. to the first-degree Tax Court. On a preliminary basis, the bank claimed that the deeds are null and void as the Tax Authority's assessment powers have expired, and, subsequently, that the payment request is illegitimate. At present, the judgment is pending. Total contested value Euro 0.28 million.

As of 30 June 2021, UniCredit S.p.A. raised the following litigation: 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. The dispute ended the first-degree Tax Court with an unfavourable decision. UniCredit will appeal the decision in terms of law.

Updates on pending disputes and tax audits

With reference to the year ended 31 December 2021, the following information is reported.

- With regard to the dispute brought by former Banco di Sicilia S.p.A. for denial of a refund request for IRPEG 1984 credit, total value Euro 56.72 million, of which Euro 21.13 million for

taxes, receivables accounted in the financial statements for the same amount, in April 2021, the second-degree Tax Court, as the referring Court, following the ruling of the Supreme Court No. 18412/2017, that had overturned the appealed decision with referral to the second-degree Tax Court ("*cassazione con rinvio*"), issued decision No. 3401/12/2021 which rejects the Bank's appeal and confirms the first instance judgement stating the denial of the tax refund request. In June 2021 the Bank appealed the latter judgement to the Supreme Court. As requested by IAS37 and taking into account the ruling of the second-degree Tax Court the virtual certainty of the receivables related to refund request for IRPEG 1984 of former Banco di Sicilia S.p.A. was re-assessed leading to their entire derecognition. At the same time, also considering other recent sentences by the Supreme Court about specific and similar topics, an overall re-assessment of main active and passive tax claims was conducted with no material impact on income statement;

- With regard to a set of litigations brought by former Banca Popolare del Molise, regarding a denial of a refund request for IRPEG - ILOR credits, fiscal years 1983, 1985, 1986, 1987 and 1988, as a result of the proceedings brought by UniCredit S.p.A. before the Supreme Court against five decisions of the second-degree Tax Court that upheld the Tax Authority's appeal, the Supreme Court acknowledged that the limitation period for the bank's claim had not expired at the time of the refund request and, consequently, overturned the appealed decisions and referred the case back to the second-degree Tax Court. The proceedings will be brought before the second-degree Tax Court within the time period provided by law. Total contested amount Euro 1.86 million;

- With regard to the dispute started by UniCredit S.p.A. for the denial of a refund request for IRES fiscal years 2007, 2008 and 2009 ended the first-degree Tax Court with an unfavourable decision. UniCredit will appeal the decision in terms of law. Total contested amount Euro 1.9 million;

- With regard to the dispute started by former Cassa di Risparmio di Torino against the reject of a refund request for IRPEG and ILOR fiscal year 1984, the Supreme Court with a decision dated 5 November 2021, accepted the appeal by Avvocatura dello Stato providing the referral of the dispute at the second-degree Tax Court in Turin; Total contested amount Euro 3.4 million;

- With regard to the dispute concerning a notice of assessment for VAT (former UniCredit Banca S.p.A.) related to operating costs of business conventions was discussed in the second-degree Tax Court Emilia Romagna; UniCredit is waiting for the issue of decision. Total contested amount Euro 2,3 million;

- With regard to the dispute started by former Banco di Sicilia S.p.A. against the rejection of a refund request for further interest - compared to what refunded by the Tax Authority – for ILOR tax credit year 1993 (capital quote was refunded), the second-degree Tax Court in Palermo, who reassumed the litigation after the statement of the Supreme Court, with a decision dated 6 December 2021 postponed the case; Total contested amount Euro 3.5 million;

- With regard to the dispute started by former Gruppo Bancario Credito Romagnolo S.p.A. against the reject on refund request for IRPEG and ILOR tax years 1979 concluded with the Supreme Court final decision without referral dated 13 December 2021, upheld the appeal by Avvocatura dello Stato setting the extinction of the case and the foreclosure for UniCredit S.p.A. to obtain the refund. Total amount Euro 1.8 million;

- With regard to the dispute against the silent-reject Tax Authority Agrigento for tax credit from 770 tax form for year 1986 former Cassa Rurale di Palma di Montechiaro, it concluded with the Supreme Court definitive decision dated 9 December 2021 rejecting the appeal by Avvocatura dello Stato and confirming definitely the UniCredit's refund right. Total amount Euro 0.11 million.

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

- as to a notice of assessment, served to UniCredit S.p.A. (as incorporating entity of Capitalia S.p.A.), for the registration tax allegedly due at a proportional rate on a civil judgement, the Supreme Court, with the definitive decision No. 16783/2021, overturned the appealed decision without referral to the second-degree Tax Court, upholding the claim of the bank and acknowledging as due the registration tax on a fixed basis. The decision was notified to the Tax Authority in order to achieve the refund of the improperly paid tax. Total contested amount Euro 1.68 million;

- the Supreme Court, with the definitive decision No. 16204/21, rejected, without referral to the second degree Tax Court, the appeal of the Tax Authority against a decision of the second-degree Tax Court that had declared null and void a notice of assessment requesting the registration tax at a proportional rate on several deeds entered into between UniCredit and SocGen, through its subsidiary SGSS, that have been requalified by the Tax Authority, jointly, according to art. 20, D.P.R. No. 131/1986, in terms of transfer of a business unit. The decision of the Supreme Court will be notified to the Tax Authority in order to achieve the refund of the tax paid and no longer due following the cancellation of the tax assessment. Total contested amount: Euro 4.88 million;

- UniCredit S.p.A. filed claims with the first-degree Tax Court against No.4 notices of assessment served in December 2020 by the Municipality of Palermo for municipal property tax (**IMU**), fiscal years 2015-2018, challenging that the higher tax requested is unlawful, total contested amount Euro 1.74 million, of which Euro 1.32 million for taxes. The litigations, for all the contested fiscal years, have been settled out-of-court on May 25, 2021, by the payment of the lower total amount of Euro 0.19 million, of which Euro 0.15 million referred to taxes;

- with regard to a notice of assessment by which the Tax Authority requested the registration tax on an agreement entered into between UniCredit Private Banking S.p.A. and UniCredito Italiano S.p.A. in 2003 relating to the compulsory minimum reserves for credit institutions, provided for at regulatory level by the ECB, the Supreme Court, with the definitive decision No. 17486/21, rejected without referral the claim raised by the Tax Authority against the decision of the second-degree Tax Court that had found that the registration tax was not due on the grounds of lack of taxable income. Total contested amount Euro 0.13 million;

- as to a set of litigations pertaining to the registration tax allegedly due for the registration of the rulings that had settled a number of opposition proceedings regarding the liability status of the companies of the "Costanzo Group", that have been mentioned in the financial statements of previous years, a dispute for a total value of Euro 4.09 million is now definitive following a decision of the Supreme Court in favour of the position of the bank, according to which the guarantees mentioned in the civil judgement, on which the registration tax is levied, are free from the latter tax (as provided for by Art.15 of D.P.R. No. 601/1973) and rejected without referral the appeal of the Tax Authority.

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

- denial of refund request for IRPEG 1989 submitted by former Cassa di Risparmio Reggio Emilia, for an amount of Euro 1.89 million for IRPEG tax and Euro 1.82 for interests: the second-degree Tax Court with a decision issued on 3 January 2022 rejected the Tax Authority appeal confirming the right of UniCredit to obtain Euro 1.9 million refund. The terms of law for appealing the sentence by Tax Authority at the Supreme Court are ongoing;

- denial of refund request for IRPEG 1997 submitted by former Banca di Roma, for a total amount of Euro 43.5 million (the receivables accounted in the financial statements are equal to Euro 25.30 million), that was mentioned in the financial statements as at 31 December 2020: at present, the proceeding before the second-degree Tax Court is ongoing;

- denial of refund IRPEG tax credit years 1994-1997 and ILOR year 1996 former Banca Mediterranea – total value Euro 31 million: the second-degree Tax Court Basilicata during the hearing on 21 October 2021 ordered the Tax Authority to deposit the reports on the basis of which the assessment was notified and related to the disputing tax period, and postponed the case;

- denial of higher interests refund request for an amount equal to Euro 0.31 million accrued on the IRPEG 1990 credit of former Cassa di Risparmio di Reggio Emilia, in April 2021, the first-degree Tax Court issued a decision that declared the bank's claim not admissible, arguing that the appealed deed is not challengeable. Given that the Tax Court did not issue a decision specifically on the bank's right to be refunded, the bank decided not to appeal said decision; before the second-degree Tax Court as the time period provided by law for submitting a renewal of the refund request is still pending.

With regard to the other disputes concerning the same matter, UniCredit S.p.A. became a party in the proceedings and, at the same time, requested the exclusion of Banca Farmafactoring according to art. 111, Code of Civil Procedure.

In relation to the tax audit carried out by the Italian Tax Police ("*Guardia di Finanza*") on UniCredit Leasing S.p.A. for VAT for the fiscal years from 2014 to 2017, that has been mentioned in the financial statements as at 31 December 2020, with specific reference to the fiscal year 2016, in March 2021, the company was served with a tax audit report. The remarks raised concern alleged VAT infringements in relation to nautical leasing contracts while, for IRES purposes, any violation was found. At present, the company has not been notified with a notice of assessment. As to the fiscal year 2017, the tax audit is ongoing.

Proceedings connected with Supervisory Authority Measures

UniCredit Group is subject to complex regulation and supervision by, *inter alia*, the Bank of Italy, CONSOB, the EBA, the ECB within the European System of Central Banks (**ESCB**), as well as other supervisory authorities. In this context, the UniCredit Group is subject to normal supervision by the competent authorities. Some supervisory actions 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 S.p.A. of the start of sanctioning proceedings regarding a violation of customers' personal data following a Cyber-attack (data breach) occurred in October 2018, communicated through its Group website on 22 October 2018. As required by the "Italian personal data protection Code" (Article 166, paragraph 6, of Legislative Decree 196/03) the Bank has presented its statement of defence on the matter and requested a hearing with the Authority to explain its arguments, held in the end of September 2020. It is currently not possible to define the timeline and outcome of the proceedings."

- The sub-paragraph "*Share Capital*" of the paragraph titled "*Additional Information*" in the "*Description of UniCredit and the UniCredit Group*" section, on page 338 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 21,220,169,840.48, comprising 2,184,404,611 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 page 338 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 no. 00348170101.

The current Articles of Association was registered with the Company Register of Milano-Monza-Brianza-Lodi on 25 March 2022.

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 pages 372-373 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 Russia/Ukraine conflict and related spill-over macroeconomic effects and by the persisting COVID-19 pandemic that could have potential impacts also on the financial markets, the unexpected materially adverse impact of which on the profitability of the Issuer, in particular in terms of operating income and cost of risk, cannot be finally assessed as at the date of this Base Prospectus. Except for the possible impact of the Russia/Ukraine conflict and related spill-over effect and 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 2021.

There has been no significant change in the financial performance of the Group since 31 March 2022 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 Russia/Ukraine conflict and related spill-over effect and by the persisting COVID-19 pandemic that could have potential impacts also on the financial markets, the unexpected materially adverse impact of which on the profitability of the Group, in particular in terms of operating income and cost of risk, cannot be finally assessed as at the date of this Base Prospectus. Except for the possible impact of the Russia/Ukraine conflict and related spill-over effect and COVID-19 crisis indicated above, there has been no significant changes in the financial position of the Group which has occurred since 31 March 2022."

- The paragraph "*Trend information*" in the "*General Information*" section on page 373 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 Russia/Ukraine conflict and related spill-over effects and by the persisting COVID-19 pandemic that could have potential impacts also on the financial markets, whose unexpected materially adverse 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 2022-2024, 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."

- The paragraph "*External Auditors*" in the "*General Information*" section on pages 373-374 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 2021 and 31 December 2020.

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 2021 and 31 December 2020 and in the interim consolidated financial statements ended on 30 June 2021, 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 2020 and 2021.

[…]”.

General

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

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

Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus will also be published on the website of UniCredit *www.unicreditgroup.eu*, 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 19 May 2022. 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.