This document constitutes a supplement pursuant to Article 10, paragraph 1, and Article 23, paragraph 5, of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**").

3rd Supplement dated 17 May 2022

(the "**Supplement**")

to the Registration Document dated 20 December 2021 of

UniCredit S.p.A.

approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**")

(the "**Registration Document**")

This Supplement is to be read and construed in conjunction with any information already supplemented by the 1st Supplement dated 2 February 2022 and the 2nd Supplement dated 19 April 2022 to the Registration Document in accordance with Article 12(1) of the Prospectus Regulation.

The Registration Document, as approved by the CSSF and as supplemented, is a constituent part of the following prospectuses:

- the Base Prospectus for the issuance of Single Underlying and Multi Underlying Securities (without capital protection) dated 20 December 2021 of UniCredit S.p.A.,

- the Base Prospectus for the issuance of Single Underlying and Multi Underlying Securities (with partial capital protection) dated 20 December 2021 of UniCredit S.p.A.,

- the Base Prospectus for the issuance of Securities with Single Underlying and Multi Underlying (with partial capital protection) dated 19 April 2022 of UniCredit S.p.A.,

- the Base Prospectus for the issuance of Securities with Single Underlying and Multi Underlying (without capital protection) dated 19 April 2022 of UniCredit S.p.A.,

as approved by the CSSF and as supplemented from time to time (the "**Base Prospectuses**"). The terms used in this Supplement have the same meaning as the terms used in the Registration Document.

Any reference to the Registration Document are to be read as references to the Registration Document as supplemented.

UniCredit S.p.A. (the "**Issuer**") accepts responsibility for the information contained in this Supplement and declares that the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Investors who have already agreed to purchase or subscribe for securities before the Supplement is published shall have the right, exercisable within three working days after the publication of the Supplement, to withdraw their acceptances (Article 23, paragraph 2a, of the Prospectus Regulation). Investors may therefore exercise the right of withdrawal up until 20 May 2022, contacting the relevant distributors as specified in the relevant final terms.

This Supplement, the Registration Document as well as any further supplements to the Registration Document, and the Base Prospectuses are published on the following website of the Issuer: https://www.investimenti.unicredit.it/it/info/documentazione.html#programmi-di-emissione-unicredit-spa. Furthermore, this Supplement and the documents incorporated by reference into the Registration Document by virtue of this Supplement will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Supplement has been approved by the CSSF in its capacity as competent authority under the Prospectus Regulation.

Purpose of the Supplement of the Issuer

This Supplement serves as update to the Registration Document in connection with the publication of the unaudited consolidated interim report as at 31 March 2022 – Press Release.

In particular, the purpose of the submission of this Supplement is to update the information included into the following sections of the Registration Document:

a. "RISK FACTORS";

b. "INFORMATION ABOUT THE ISSUER";

c. "TREND INFORMATION";

d. MAJOR SHAREHOLDERS";

e. "FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES".

Table of contents of this Supplement

1. Changes to the Registration Document

1.1. The "Section I - Risk Factors", on page 3 et seq. of the Registration Document, shall be amended as follows:

1.1.1 The subsection "*Risks related to the financial situation of the Issuer and of the Group*", on pages 3 et seq. of the Registration Document, shall be amended as follows:

"1.1 Risks related to the financial situation of the Issuer and of the Group

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 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 the 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 COVID-19 pandemics 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 the 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. 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.

[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.

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 bn 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 bn 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 bn, as a result of lower loans volumes and customer rates; fees were at Euro 6.7 bn, 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 bn, of which Euro 1.3 bn 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 m, with a higher contribution from Yapi Kredi (+Euro 18 m FY/FY). In 1Q22[2], NII stood at Euro 2.2 bn, 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 bn Q/Q driven by Austria, Germany and Italy; fees at Euro 1.8 bn 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 m in 1Q22, of which Euro 388 m client driven, thanks to good results in Fixed Income, Currencies & Commodities in both in Italy and Germany, with positive XVA[3] 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 Registration Document and which may have negative effects, including significant ones, on the bank's financial and economic situation.

In addition, as a result of the current elements of high uncertainty, ESMA requires that 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 assume 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.

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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.

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

Indeed, ECB Macro-economic Projections published in March 2022[4] 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 December 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 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[1] 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

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

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.

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

*On 9th 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[1] 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 9th 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[5] with materially increased and growing shareholder distributions[6], 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 growth[7] above the eurozone average over the course of the Plan, helped by its Central and Eastern European positioning.

[5] 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.

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

[7] Average of yearly changes.

Macro assumptions exclude[1] 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% 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% and +6.6% (Germany +2.9%, Austria +4.5%).

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 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 3 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, its results may differ significantly from those set in the new Strategic Plan which, in turn, could have a material adverse effect on its 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.

1.1.3 Credit risk and risk of credit quality deterioration

The activity, financial and capital strength and profitability of the UniCredit Group depend, among other things, on the creditworthiness of its customers. In carrying out its credit activities, the Group is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down thereof. The 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%. As at 31 March 2022 Group Net NPE ratio, excluding Russia, substantially stable compared to 31 December 2021 and is equal to 1.6%.*

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 bn 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% (-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%.

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 bn (Group Net NPE ratio, excluding Russia, substantially stable compared to 31 December 2021 and is equal to 1.6%).

As at 31 March 2022, the Group gross NPEs increased to Euro 16.8 bn (+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 bn, while Group Net NPEs were increased to Euro 7.9 bn.

For more information on European legislative initiatives on Non-Performing Loans, please see section headed "*Information about the Issuer*", paragraph 4.1.4 (*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 Registration Document.

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%, 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 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 (Russia - Ukraine conflict and sanction) 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.

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).

[…]”

1.1.2 In subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "Liquidity Risk", on pages 12 - 14 of the Registration Document, shall be deleted and replaced as follows:

“1.2.1 <u>Liquidity Risk</u>

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% from 2018 and which was equal to 177% in March 2022, whereas at 31 December 2021 was equal to 182% (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%, 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; 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%; 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%, whereas at 31 December 2021 was equal to 182% (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%, 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**

"

1.1.3 In subsection "*Risks connected with the legal and regulatory framework*", the Risk Factor headed "Basel III and Bank Capital Adequacy", on pages 20 - 24 of the Registration Document, shall be deleted 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 the Legislative Decree No. 193 of November 8, 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[8] 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[8] 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 4.1.4 (*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 Registration Document.

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 Registration Document, no specific change of the regulatory reclassification of capital instruments is currently deemed reasonably foreseeable.

<u>*Capital Adequacy requirements*</u>

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

In 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[9], the Pillar 2 capital requirement at 175 basis points (to be held in the form of 56.25% of CET1 capital and 75% 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[10] (unchanged with respect to the ones applicable as of 31 December 2021):

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

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[8] 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.

[9] 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.
After adjusting its SREP approach for 2020, the ECB Banking Supervision returned to its regular SREP methodology for 2021.

[10] 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 therefore may vary on a quarterly basis over the reporting period.

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% of CET1 capital and 75% 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%, 16.47% and 18.99%. 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% exceeding by 497 bps CET1 ratio requirements.

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

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 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:
  - 2023 fully loaded CET1 ratio at 15.66% corresponding to 52 bps higher than fully loaded CET1 ratio as of December 2020; and
  - 2023 transitional CET1 ratio at 15.80% corresponding to 16 bps lower than transitional CET1 ratio as of December 2020
- Adverse scenario:
  - 2023 fully loaded CET1 ratio at 9.22% corresponding to 592 bps lower than fully loaded CET1 ratio as of December 2020; and
  - 2023 transitional CET1 ratio at 9.59%, 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 9th 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 bn, 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 bn from the allocation of profit for the year 2021, corresponding to approximately 30% 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 bn and, in any case, not exceeding no. 215 mn of UniCredit ordinary shares (equal to 9.87% 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%; 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 bn, has received supervisory approval and it has been already commenced. The remaining amount of Euro 1 bn of share buy-back is subject to Russia performance and Supervisory approval."

1.2. The "Section IV - Information about the Issuer", on page 29 et seq. of the Registration Document, shall be amended as follows:

1.2.1 In subsection "History and development of the Issuer", on page 29 et seq. of the Registration Document, the following paragraphs shall be added at the end of the "Recent Developments" paragraph, on pages 30 - 31 of the Registration Document:

"4.1 History and development of the Issuer

Recent Developments

- 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 SpA'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 percent of Risk Weighted Assets (RWA) plus the applicable Combined Buffer Requirement (CBR);
  - 5.90 percent 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 percent of RWA plus the applicable CBR;
  - 5.68 percent of LRE.

  From 1 January 2024 the fully loaded MREL will be equal to:
  - 21.83 percent of RWA plus the applicable CBR;
  - 5.90 percent of LRE[11].

  The fully loaded MREL subordinated component will be equal to:
  - 15.53 percent of RWA plus the applicable CBR;
  - 5.77 percent of LRE[11].

  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 percent of RWA;
  - 8.46 percent of LRE.

  The MREL subordinated eligible liabilities are equal to:
  - 21.28 percent of RWA;
  - 6.71 percent 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

[11] 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.

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)."

1.2.2 In the subsection "The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer", on page 32 et seq. of the Registration Document, paragraph "CRR and CRD" at pages 33-34 and paragraph "Measures to counter the impact of "COVID-19""at pages 36-40 shall be deleted in its entirety and replaced by the following new paragraphs below and the paragraph "OTHER RECENT SECURITIES MARKETS RELATED REGULATIONS" shall be added at the end of the entire subsection at page 43:

"4.1.4 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

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.

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.

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."

1.2.3 The subsection "Credit ratings", on pages 43-44 of the Registration Document, shall be amended as follows:

"4.1.6 Credit Ratings

As at the date of this Registration Document, UniCredit has been rated as follow:

Rating Agencies	Short Term Counterparty Credit Rating	Long Term Counterparty Credit Rating	Outlook	Last update
Fitch	F2(1)	BBB(2)	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

[…]

1.3. The "Section VII - Trend Information", on page 50 of of the Registration Document, shall be deleted in its entirety and the following new section shall be inserted:

"Section VII – Trend Information

7.1 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 Registration Document. 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 Registration Document.

7.2 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 Registration Document. 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."

1.4. The "Section X - Major Shareholders", on page 59 of the Registration Document, shall be amended as follows:

1.4.1. The subsection "Information related to the shareholder structured of the Issuer", on page 59 of the Registration Document, shall be deleted in its entirety and replaced as follows:

"10.1 Information related to the shareholder structured of the Issuer

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

As at 16 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)
Parvus Asset Management Europe Limited	110,507,621	5.059(1)
Allianz Group	69,622,203	3.187

(1) non-discretional asset management

* The table shows the information notified by the shareholders pursuant to art. 120 TUF and published on the Consob website in the "Shareholders" section updated on the basis of the communications processed until 15 May 2022. The percentages indicated are calculated on the number of shares representing the share capital as of today.
It should be noted that, in the cases provided for by the Issuers' Regulations, management companies and qualified entities that have acquired, as part of their management activities, shareholdings less than 5% 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."

1.5. **The "Section XI - Financial Information concerning the Issuer's assets and liabilities, financial position and profits and losses", on page 60 et seq. of the Registration Document, shall be amended as follows:**

1.5.1 **The subsection "Interim and other financial information", on page 62 - 64 of the Registration Document, shall be amended as follows:**

"11.2 Interim and other financial information

[...]

The Consolidated Interim Report as at 31 March 2022 – Press release and the Consolidated Interim Report as at 31 March 2021 – Press release are incorporated by reference in this Registration Document. The Consolidated Interim Report as at 31 March 2022 – Press release is available to the public on the Issuer's website: https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2022/UniCredit_PR_1Q22_ENG.pdf and the Consolidated Interim Report as at 31 March 2021 – Press release is available to the public on the Issuer's website: https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2020/UniCredit_PR_1Q21_ENG.pdf

Detailed are provided below.

Document	**Information incorporated**	**Page numbers**
Issuer's 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
	Basis for Preparation	19 - 24
	Declaration	25
Issuer's unaudited Consolidated Interim Report as at 31 March 2021 – Press release	UniCredit Group: Reclassified Income Statement	21
	UniCredit Group: Reclassified Balance Sheet	22
	Other UniCredit Group Tables (Shareholders Equity, Staff and Branches, Ratings, Sovereign Debt Securities – Breakdown by Country/Portfolio, Weighted Duration, Breakdown of Sovereign Debt Securities by Portfolio, Sovereign Loans – Breakdown by Country)	23 - 27
	Basis for Preparation	27 - 31

[...]”

1.5.2 The subsection "Significant change in the Issuer’s financial position", on page 75 of the Registration Document, shall be deleted in its entirety and replaced as follows:

"11.5 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 Registration Document. 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."