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**").

5th Supplement dated 7 November 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, the 2nd Supplement dated 19 April 2022 and 3rd Supplement dated 17 May 2022 and 4th Supplement dated 5 August 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 is to be read as references to the Registration Document as supplemented.

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

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

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 10 November 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 document 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 30 September 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 first four risk factors in 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. *Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia*

*The financial markets and the macroeconomic and political environment of the countries in which UniCredit operates has been impacted by Russia-Ukraine conflict and by the viral pneumonia known as "Coronavirus" (**COVID-19**) that could continue to have a negative impact on the performance of the Group. As a matter of fact, the macroeconomic uncertainty has particularly increased as a result of the heightened geopolitical tension between Russian Federation and Ukraine. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty, and a sharp drop in consumer confidence. As inflation builds up as a result of the increase in energy price and the supply disruptions, ECB is changing its monetary stance (Deposit Facility rate: -50 bps in June '22, 0 bps in July, 75 bps in September, 150 bps in October) and market is repricing interest rate expectations. The outlook is surrounded by risks, also related to possible gas supply rationing from Russia during the winter at the turn of 2022-23. As a consequence, the expectations regarding the performance of the global economy remain still uncertain in both the short and medium term. In the short term the outlook is characterized by tighter financial conditions, surging energy bills in Europe and reduced economic momentum across the US and Europe with potentially a mild-recession in most of the countries. The current environment, characterized by highly uncertain elements as above mentioned could generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement. 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 unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening of the COVID 19 pandemic, situations that UniCredit is monitoring closely (Macro assumptions in the Strategic Plan consider the recent and still existing impacts of COVID with a gradual normalization over the upcoming years. The scenario does not assume that the current COVID situation will develop in a particularly negative way in the upcoming years).

The 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 has been impacted by Russia-Ukraine conflict and by the viral pneumonia known as "Coronavirus" (**COVID-19**) that could continue to have a negative impact on the performance of the Group. As a matter of fact, the macroeconomic uncertainty has particularly increased as a result of the heightened geopolitical tension between Russian Federation and Ukraine. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty, and a sharp drop in consumer confidence. As inflation builds up as a result of the increase in energy price and the supply disruptions, ECB is changing its monetary stance (Deposit Facility rate: -50 bps in June '22, 0 bps in July, 75 bps in September, 150 bps in October) and market is repricing interest rate expectations. The outlook is surrounded by risks, also related to possible gas supply rationing from Russia during the winter at the turn of 2022-23. As a consequence, the expectations regarding the performance of the global economy remain therefore still uncertain in both the short and medium term. In the short term the outlook is characterized by tighter financial conditions, surging energy bills in Europe and reduced economic momentum across the US and Europe with potentially a mild-recession in most of the countries. The current environment, characterized by highly uncertain elements as above mentioned could generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement.

The adequate operative answer and the prudential management ensured by the Group during 2020 to face the crisis emerging from the Covid-19 pandemic, allowed in 2021 to reach a performance improvement. In fact, the Group recorded a Euro 822 million increase in revenues to Euro 17,954 million for the year ended 31 December 2021 from Euro 17,132 million for the corresponding period of 2020, sustained mainly by higher commissions and trading profit.

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

UniCredit's LLPs, excluding Russia, increased Q/Q and decreased by 25.5 per cent Y/Y to Euro 220 million in 3Q22. Therefore, the cost of risk, excluding Russia, increased by 10 bps Q/Q and decreased by 8 bps Y/Y to 20 bps in 3Q22.

UniCredit's LLPs in 3Q22 amounted to Euro 84 million. Therefore, the CoR in 3Q22 was equal to 7 bps.

UniCredit's LLPs, excluding Russia, in 9M22 amounted to Euro 381 million decreased by 53.9 per cent 9M/9M. Therefore the CoR was equal to 11 bps.

UniCredit's LLP in 9M22 amounted to Euro 1.366 million. Therefore the CoR was equal to 40 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).

In 2Q22 revenues stood at €4.5 bn, down 6.8 per cent Q/Q due to an expected normalisation from record high levels of fee income and trading revenue in previous quarter, up 4.9 per cent Y/Y driven by net interest income growth thanks to the interest rate environment and strong commercial activity. In 3Q22 Revenues stood at €4.5 bn, up 0.2 per cent Q/Q and up 4.5 per cent Y/Y. Net of the TLTRO III negative one-off, total revenues stood at €4.8 bn, up 7.2 per cent Q/Q and up 11.8 per cent Y/Y driven by net interest income growth thanks to the interest rate environment and trading income reflecting favorable commercial activity[1].

In details[2]: 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. In 2Q22 NII stood at €2.3 bn, up 6.6 per cent Q/Q and up 11.0 per cent Y/Y. The Q/Q trend reflects enhanced commercial activity particularly in Italy and increased demand for credit, treasury and market activities as well as the days' effect. The Y/Y trend reflects higher loan volumes and upturn on rates, partially offset by deposits as affected by rate increases as well as contribution from treasury, markets and term funding. Trading income has moderated, as expected, to €360 m in 2Q22, down 48.7 per cent Q/Q primarily due to non-client driven components such as €141 m from treasury and €174 m from strategic FX Hedging dividends and earnings; and down 7.4 per cent Y/Y driven by non-client driven components primarily due to Strategic FX Hedging dividends and a decrease in earnings mainly due to ruble hedging, partially offset by client-driven XVA. Fees normalised this quarter as expected, down 6.7 per cent Q/Q and delivered a sound

[1] 1Q, 2Q and 3Q 22 data excluding Russia.
[2] 1Q and 2Q 22 data excluding Russia.
[3] Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVA) and Hedging desk.

performance at €1.7m, up 1.2 per cent Y/Y, demonstrating benefit diversification of our fee base. In 3Q22 NII was at 2.2 bn down 3.2 per cent Q/Q as a result of the negative one off effect of the TLTRO III contribution. Net of €0.3 bn TLTRO III one-off, NII trend is up 10.4 per cent Q/Q in all the divisions due to higher volumes and higher customer rates, reflecting the market interest rates increase; fees were €1.6 bn, down 4.4 per cent Q/Q affected by seasonality in Italy and down 1.8 per cent Y/Y due to investment fees, mainly on Asset under Management (AuM) in Italy, partially offset by higher certificates activities and by transactional services in Italy and Germany; trading income reached at €518 m in 3Q22, up 43.8 per cent Q/Q and up 60.0 per cent Y/Y driven by the corporate demand for hedging products.

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, the consolidated First Half Financial Report as at 30 June 2022 and the Unaudited Consolidated Interim Report as at 30 September 2022. As at 30 September 2022 the market environment continues to be affected by a risk of a lower predictivity of the macro-economic projections arising from the outbreak of Russian-Ukrainian geopolitical tensions. Indeed, the outbreak of Russian-Ukrainian conflict followed by the sanctions imposed to Russia, which reacted with counter sanctions, have increased uncertainty about growth prospects, despite in the first nine month of 2022 economic activities have resumed as a result of the lifting by governments of the measures put in place to contain the Covid-19 pandemic.

As recently highlighted also by International Monetary Fund (IMF) risks to the outlook remain unusually large and to the downside. The world is in a volatile and challenge period: economic, geopolitical, and ecological changes all impact the global outlook. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic (potentially affecting the sustainability of the sovereign debt of certain countries) is cooling demand as policymakers aim to lower inflation back to target. But a growing share of economies are in a growth slowdown or outright contraction. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions, for example, in China.

In this context of persisting uncertainty and volatility as explained above (and impacting also on financial markets and interest rates), UniCredit group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of consolidated First Half Financial Report as at 30 June 2022. In particular, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macro-economic trends, alternative scenarios have been outlined that assume different trends in the main macro-economic parameters. Such updated scenarios were considered for the valuation of credit exposures and deferred tax assets.

With reference to the credit exposures as at 30 June 2022, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated according to the Group policies, on the basis of the scenarios highlighted above. In light of the persistent level of uncertainty, the overall blended probability was worsened by reducing the positive scenario from 5% to 0%, and correspondently increasing the Baseline scenario from 55% to 60%; eventually, the Adverse scenario was kept at 40%.

With reference to the credit exposures as at 30 September 2022, in light of the evolution of the geopolitical environment as at 30 September 2022, a comparison between the scenarios used in the evaluation process of credit exposures as at 30 June 2022 and the updated macro-economic scenario released in September 2022 by UniCredit Research was performed. Considering the limited decrease in GDP evolution between the periods, the IFRS9 macro-economic scenario was not updated as at 30 September 2022.

With reference to Deferred tax assets ("**DTAs**"), for the purposes of consolidated First Half Financial Report, the following analyses were performed with reference to the Italian Tax Perimeter (which accounts for the significant majority of the DTAs): (i) evolution of the macroeconomic scenarios highlighted above compared to the scenario underlying the valuation process at 31 December 2021; (ii) comparison between the actual profit before taxes and the budget underlying the test executed in December 2021; (iii) confirmation or updating of the additional methodological assumptions (reference tax legislation, perimeter of companies, volatility of the parameters underlying the model and reversal timeline of non-convertible DTAs) used in the valuation process. Following the above mentioned analysis the DTAs sustainability test was updated at 30 June 2022 maintaining the Profit Before Tax projections used in 31 December test.

With reference to the DTAs as at 30 September 2022 the above mentioned analysis were updated and according to the outcome no material changes that may lead to put in discussion the data, parameters and assumptions adopted for 30 June 2022 sustainability test, were highlighted.

While evaluations have been made on the basis of assumptions deemed to be reasonable as at 30 September 2022, existing uncertainties related to evolution of the geo-political tensions between Russian and Ukraine, the effects of sanctions imposed to Russia, as well as the evolution of the pandemic and the reinstatement of containment measures put in place by governments 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 unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening of the COVID 19 pandemic, situations that UniCredit is monitoring closely[4].

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 new pandemic emergency). Furthermore, the economic and geopolitical uncertainty has also introduced a considerable volatility and uncertainty in the financial markets, potentially impacting on credit spreads/cost of funding and therefore on the values the Group can realize from sales of financial assets.

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. The macro assumptions underlying the Strategic Plan exclude unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening of the COVID 19 pandemic, situations that UniCredit is monitoring closely (Macro assumptions in the Strategic Plan consider the recent and still existing impacts of COVID with a gradual normalization over the upcoming years. The scenario does not assume that the current COVID situation will develop in a particularly negative way in the upcoming years). The 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.*

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,

[4] Macro assumptions in the Strategic Plan consider the recent and still existing impacts of COVID with a gradual normalization 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.

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 assumed the following at the time of disclosure of the Plan: (i) a conservative interest rate scenario based on a broadly stable Euribor 3 month rate over the 3 years of the MYP; (ii) the combination of its countries was expected to deliver GDP growth[7] above the eurozone average over the course of the Plan, helped by its Central and Eastern European positioning; (iii) Central and Eastern Europe loan growth was expected at a multiple of GDP due to the relatively low maturity of the market; (iv) UC countries had theoretical access to approximately 50 per cent of the overall fund disbursement of the Recovery and Resilience Fund allocation.

The macro assumptions underlying the Strategic Plan exclude unexpected materially adverse developments such as the Russia-Ukraine conflict and worsening of the COVID 19 pandemic, situations that UniCredit is monitoring closely[4].

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[5,6] from net profit and RWA evolution.

UniCredit's ability to meet the Strategic Objectives and all forward-looking statements rely 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.

The future financial results could be influenced by the dynamics of the COVID-19 and moreover macroeconomic uncertainty increased as a result of the heightened geopolitical tension between Russian Federation and Ukraine. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty, and a sharp drop in consumer confidence. As inflation builds up as a result of the increase in energy price and the supply disruptions, ECB is changing its monetary stance and market is repricing interest rate expectations. The outlook is surrounded by risks, also related to a cessation of gas supply from Russia, which were not foreseeable at the date of the Strategic Plan presentation, and which are still uncertain.

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 as at 1Q22 in light

[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.

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**") . In 2Q22 the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated, according to the Group policies, for all the Regions in which UniCredit operates. With reference to the 3Q22 a comparison between the scenarios used in the evaluation process of credit exposures as at 30 June 2022 and the updated macro-economic scenario released in September 2022 by UniCredit Research was performed. Considering the limited decrease in GDP evolution between the periods, the IFRS9 macro-economic scenario was not updated as at 30 September 2022.

For the 3Q22, reflecting UniCredit's historically prudent approach on classification and provisioning, the cost of risk, excluding Russia, is 20 basis points. Cost of risk, excluding Russia, is expected in the 30 to 35 basis points range over the plan period.

Furthermore, should any of the assumptions turn out to be inaccurate and/or the circumstances envisaged not be fulfilled, or fulfilled only in part or in a different way to that assumed, the ability to meet the Strategic Objectives may be negatively impacted. 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. 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.

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.

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

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

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

*UniCredit's Loan Loss Provisions ("**LLPs**"), excluding Russia, increased Q/Q and decreased by 25.5 per cent Y/Y to Euro 220 million in 3Q22. Therefore, the cost of risk, excluding Russia, increased by 10 bps Q/Q and decreased by 8 bps Y/Y to 20 bps in 3Q22. As at 30 September 2022, Group gross NPE ratio, excluding Russia, was equal to 2.8 per cent, stable compared to 30 June 2022 in which the gross NPE ratio was equal to 2.8%. As at 30 September 2022 Group Net NPE ratio, excluding Russia, stable compared to 30 June 2022 and is equal to 1.4 % .*

Unicredit's LLPs, excluding Russia, in 9M22 amounted to Euro 381 million decreased by 53.9 per cent 9M/9M. Therefore the CoR was equal to 11 bps.

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

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

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

As at 30 September 2022, Group gross NPEs, excluding Russia, were down by 35.9 per cent Y/Y and 1.0 per cent Q/Q to Euro 13.0 bn in 3Q22 (while as at 30 June 2022 they were equal to Euro 13.1 billion) with gross NPE ratio of 2.8% (-1.8 p.p. Y/Y, flat Q/Q).

As at 30 September 2022, Group Net NPEs, excluding Russia, stood at Euro 6.5 billion decreased compared to 30 June 2022 which attested at Euro 6.7 bn (Group Net NPE ratio, excluding Russia, stable compared to 30 June 2022 and is equal to 1.4%).

As at 30 September 2022, the Group gross NPEs decreased to Euro 13.8 bn (-1.0 p.p. Q/Q, -33.4 p.p. Y/Y) while as at 30 June 2022 they were equal to Euro 13.9 bn, while Group Net NPEs were decreased to Euro 6.8 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 64 billion, moving from Euro 77.8 billion of 2015 to Euro 13.8 billion of 3Q22 (Euro 17.3 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, to date largely expired.

UniCredit’s Loan Loss Provisions (“**LLPs**”), excluding Russia, increased Q/Q and decreased by 25.5 per cent Y/Y to Euro 220 million in 3Q22. Therefore, the cost of risk, excluding Russia, increased by 10 bps Q/Q and decreased by 8 bps Y/Y to 20 bps in 3Q22.

UniCredit’s LLPs in 3Q22 amounted to Euro 84 million. Therefore, the CoR in 3Q22 was equal to 7 bps. The Group increased the amount of overlays on performing exposures Q/Q reaching circa Euro 1.3 billion, with new additional overlays for geopolitical risks mainly in Italy and Germany. This substantially reinforces the Group’s capacity to absorb any spill-over effects.

UniCredit’s LLPs, excluding Russia, in 9M22 amounted to Euro 381 million decreased by 53.9 per cent 9M/9M. Therefore the CoR was equal to 11 bps.

UniCredit’s LLP in 9M22 amounted to Euro 1.366 million. Therefore the CoR was equal to 40 bps.

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. Always with reference to credit exposures, a geopolitical overlay was recognized in specific geographies in 3Q2022 to reflect the increase in credit risk arising from the soaring in energy price, inflation and increase in interest rate applied. Furthermore in 3Q2022 the existing Supply Chain overlay was reviewed considering the risks stemming from the Russian Gas stoppage and energy crises.

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.

The Group has adopted procedures, rules and principles aimed at monitoring and managing credit risk at both individual counterparty and portfolio level. However, there is the risk that, despite these credit risk monitoring and management activities, the Group's credit exposure may exceed predetermined risk’s levels pursuant to the procedures, rules and principles it has adopted.

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

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2021, the consolidated First Half Financial Report as at 30 June 2022 and the Unaudited Consolidated Interim Report as at 30 September 2022.”

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

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

With reference to the Group's sovereign exposures, the book value of sovereign debts securities as at 30 September 2022 amounted to Euro 106,433 million (as at 31 December 2021 it amounted to Euro 114,690 million), of which over the 80 per cent was concentrated in eight countries, including: Italy with Euro 36,784 million (at 31 December 2021 it amounted to Euro 43,121 million), representing about 35 per cent of the total (about 38 per cent at 31 December 2021) and about 4 per cent of the Group total assets (about 5 per cent at 31 December 2021); Spain with Euro 14,700 million; Japan with Euro 11,225 million; Germany with Euro 7,772 million; United States of America with Euro 6,415 million; Austria with Euro 3,538 million; France with Euro 2,672 million and Romania with Euro 2,517 million.

As at 30 September 2022, the remaining 20 per cent of the total sovereign exposures in debt securities, equal to Euro 20,810 million as recorded at the book value, was divided between 35 countries, including: Czech Republic (Euro 2,433 million), Bulgaria (Euro 2,228 million), Portugal (Euro 1,986 million), Croatia (Euro 1,796 million), Hungary (Euro 1,423 million), Russia (Euro 1,293 million), Israel (Euro 1,160 million), Poland (Euro 1,027 million), Ireland (Euro 988 million), Serbia (Euro 938 million) and China (Euro 780 million).

With respect to these exposures, as at 30 September 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 1,290 million are held by the Russian controlled bank and almost totally classified in the banking book.

Note that the aforementioned remaining of the sovereign exposures held as at 30 September 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 3,082 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 24,183 million as at 30 September 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 165% in September 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 September 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 extension of 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.

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.

<u>Funding liquidity risk</u> 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 September 2022, the LCR of the Group was equal to 165%, whereas at 31 December 2021 was equal to 182% (calculated as the average of the 12 latest end of month ratios). As of September 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 <u>market liquidity</u>, 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. In fact, due to the financial market crisis, followed also by the reduced liquidity available to operators in the sector, the ECB has implemented important interventions in monetary policy, such as the "Targeted Longer-Term Refinancing Operation" (**TLTRO**) introduced in 2014 and the TLTRO II introduced in 2016. It is not possible to predict the extension of 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.

As of 31 December 2021, 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 June 2022. 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 December 2021 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 Basel III and Bank Capital Adequacy

*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), 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 recovery and resolution mechanisms and Minimum Requirement for Own Funds and Eligible Liabilities* (MREL) *for credit institutions.*

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/eligible liabilities which could potentially impact its credit ratings, and funding conditions and which could limit UniCredit's growth opportunities.

The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) and 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 Supplement, no specific change of the regulatory reclassification of capital instruments is currently deemed reasonably foreseeable.

In December 2017 the Basel Committee on Banking Supervision (**BCBS**) concluded the review process of the models (for credit risk, counterparty risk, operational risk and market risk, the latter in January 2019) for the calculation of minimum capital requirements, including constraints on the use of internal models and introducing the so-called "output floor" (setting a minimum level of capital requirements calculated on the basis of internal models equal, when fully implemented, to 72.5% of those calculated on the basis of the standardised methods). The main purpose is to enhance consistency and comparability among banks.

In October 2021, the European Commission published the Banking Package, by way of a regulation (CRR3), implementing the final Basel standards into the EU legislation with new rules for the calculation of risk weighted assets for credit, operational, Credit Valuation Adjustment (CVA) and market risks as well as the introduction of the Output floor. Going beyond Basel by way of a Directive (CRD6), the Commission also made some proposals on Environmental Social and Governance (ESG) Risks, Fit & Proper and Third-Country Branches. While the legislative iter is on-going, once agreed on the final text among the various stakeholders involved in the process (European Commission, European Parliament and EU Council) and once implemented in the Union, these

[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.

regulatory changes will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements.

Capital Adequacy requirements

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

In February 2022, UniCredit has been informed by the ECB of its final decision concerning capital requirements following the results of its annual SREP. With its decision the Single Supervisor left unchanged, compared to the SREP decision of 2019[9], the Pillar 2 capital requirement at 175 basis points. 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 a consequence, UniCredit is required to meet the following overall capital requirements on a consolidated basis as of September 2022[10]:

- Common Equity Tier 1 ratio: 9.06%;
- Tier 1 ratio: 10.89%; and
- Total Capital ratio: 13.33%.

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.

As of 30 September 2022, the consolidated CET1 Capital, Tier 1 and Total Capital Transitional ratios were equal to, respectively, 16.04%, 17.94% and 20.76%. Therefore, CET1 Transitional ratio was exceeding the relevant requirement by 698 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 30 September 2022, the CET1 ratio Fully Loaded, i.e. calculated without

[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] Based on the Countercyclical Capital Buffer equal to the March 2021 value, the requirements were: Common Equity Tier 1 ratio 9.03%; Tier 1 ratio: 10.86%; and Total Capital ratio: 13.30%. These requirements remained applicable until 31 March 2022. Based on the Countercyclical Capital Buffer equal to the 30 June 2022 value, the requirements were: Common Equity Tier 1 ratio 9.04%; Tier 1 ratio: 10.87%; and Total Capital ratio: 13.30%. 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.

considering the benefit arising from IFRS 9 Transitional arrangements, was equal to 15.41% exceeding by 635 bps CET1 ratio requirements.

As of 30 September 2022, the Transitional Leverage Ratio was 5.56%.

In the first months of 2022 UniCredit participated to the ECB stress test on “Climate Risk” launched on 27 January. Such test represented a learning exercise for banks and supervisors alike, aiming to identify vulnerabilities, best practices and challenges that the banks face when managing climate-related risk. Importantly, this exercise will have no direct implications for banks’ capital levels: the outcome will feed into the Supervisory Review and Evaluation Process from a qualitative point of view only, meaning that this stress test may indirectly impact Pillar 2 requirements through the SREP scores but will not directly impact capital through Pillar 2 guidance (P2G). Aggregate results (no individual results) have been published by the ECB 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. Currently a new exercise is underway with information updated as of June 2022; the results will be published by EBA in the beginning of December 2022.

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

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.

Pursuant to the Shareholders' Meeting resolution of 8 April 2022 and the authorisation received from the European Central Bank, the Company completed the "First Tranche of the Buy-Back Programme 2021", in the context of which it purchased in aggregate no. 162,185,721 shares, cancelled on 19 July 2022, for a total consideration of Euro 1,579,999,994.85.

In order to enable the prosecution of the activities and objectives envisaged by the "UniCredit Unlocked" strategic plan in terms of shareholder remuneration, UniCredit has submitted the request to the ECB for the approval of the "Second Tranche of Buy-Back Programme 2021" in an amount of euro 1 billion and UniCredit Board of Directors met on 26 July 2022 and resolved, inter alia, to call an Ordinary and Extraordinary Shareholders' Meeting in Milan, in a single call, that was held on 14 September 2022 and resolved on the following :

- Ordinary part: authorisation to purchase treasury shares aimed at remunerating the shareholders - update and integration of the resolution of 8 April 2022. The update and integration are necessary in order to increase the maximum number of UniCredit shares covered by the aforementioned authorisation, considering the evolution of price of UniCredit's share in recent months;
- Extraordinary part: cancellation of treasury shares with no reduction of share capital; consequent amendment to clause 5 of the Articles of Association. Consequent and inherent resolutions.

The share buy-back programme has obtained the necessary authorisation from the European Central Bank, afterwards it has been communicated to the market on 21 September 2022 and initiated on the same date, as per the authorisation granted by the Shareholders' Meeting of the Company held on 8 April 2022, as updated and integrated pursuant to the shareholders' resolution of 14 September 2022, (the "Second Tranche of the Buy-Back Programme 2021")

As of 30 September 2022, since the launch of Second Tranche of the Buy-Back Programme 2021, UniCredit purchased no. 26,039,421 shares, equal to 1.29% of the share capital, for a total consideration of 276,066,909.86 Euro.

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.”

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:**

"

- On 26 October 2022, UniCredit announced that, following the signing of the two share purchase agreements on 27 July 2022, successfully finalized the two transactions to rationalize the shareholding with CNP Assurances:

    - sale of the entire 49% stake in CNP Vita Assicura S.p.A. for Euro 500m to CNP Assurances

    - acquisition of 6.5% of CNP UniCredit Vita S.p.A. from CNP Assurances for Euro 70m, increasing UniCredit's stake from 38.8% to 45.3%, with CNP Assurances keeping a majority shareholding equal to 51%.

- On 31 October 2022, UniCredit announced the financial effects of the European Central Bank ("**ECB**") changes to the terms and conditions of Targeted Longer-Term Refinancing Operations ("**TLTRO**") facilities, which generally negatively affect credit institutions with TLTRO borrowings.

    In light of UniCredit's conservative recognition of the TLTRO benefit and factoring in all the economic consequences of the ECB announcement, the full year 2022 Net Interest Income ("**NII**") guidance excluding Russia is updated to over Euro 9.7 billion including a full year TLTRO positive contribution to NII of around Euro 0.4 billion. There is no positive effect of TLTRO to UniCredit's financial results from 2023 onwards.

    The disclosure provided in the third quarter 2022 regarding NII for 2023 is unchanged, resulting in an expectation of at least Euro 10.1 billion for the Group excluding Russia. This assumes a Deposit Facility Rate ("**DFR**") of 1.5% and can vary depending on future developments in interest rates, volumes, deposit betas and other. UniCredit's NII sensitivity as disclosed with third quarter 2022 financial results remains unchanged at circa Euro 0.5 billion on an annualised basis for a further 100 basis points increase in the DFR.

    The changes announced by the ECB to the remuneration of minimum reserves at the ECB's DFR have no meaningful impact."

1.2.2. **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 Supplement, 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)	stable(6)	29 July 2022
Moody's	P-2(7)	Baa1(8)	negative(9)	9 August 2022

[…]

Moody's

[…]

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

1.3. **The "Section VII - Trend Information", on page 50 of of the Registration Document, shall be amended as follows:**

1.3.1. The subsection 7.1 "Material adverse change in the prospects of the Issuer and significant change in the financial performance of the Group", on page 50 of the Registration Document, shall be deleted and replaced as follows:

"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 Supplement. 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 30 September 2022 to the date of this Supplement."

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 structure 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 structure of the Issuer

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

As at 2 November 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	5.682[(1)]
Allianz Group	69,622,203	3.443

(1) non-discretional asset management

* The table shows the information notified by the shareholders pursuant to Art. 120 TUF following the update disclosed on the Consob website on 2 November 2022. The percentages here indicated are calculated on the number of shares representing the share capital as of the date of this Supplement, which takes into account the cancellation of treasury shares carried out on 19 July 2022.
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 reports as at 30 September 2022 are incorporated by reference in this Registration Document. The consolidated interim reports as at 30 September 2022 are 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_3Q22_ENG_26102022.pdf.

Details are provided below.

Document	Information incorporated	Page numbers
Unaudited Consolidated Interim Report as at 30 September 2022 – Press Release	UniCredit Group: Reclassified Income Statement	16
	UniCredit Group: Reclassified Balance Sheet	17
	Other UniCredit Group Tables (Ratings, Sovereign Debt Securities – Breakdown by Country/Portfolio, Weighted Duration)	18-20
	Basis of Preparation	21-25
	Declaration by the manager charged with preparing the financial reports	28
	Significant events during and after 3Q22	15

[...]"

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 Supplement. 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 30 September 2022."